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MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION

(Department of Food)

REPORT OF THE FOODGRAINS POLICY COMMITTEE, 1966

ERRATA

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FOODGRAINS POLICY COMMITTEE

खाद्यान्न नीति समिति

B. Venkatappia'
Chairman.

KRISHI BHAVAN : ROOM NO. 520
कृषि भवन : कमरा नं० 520
DR. RAJENDRA PRASAD ROAD
डा० राजेन्द्र प्रसाद मार्ग
NEW DELHI - 1
नई दिल्ली-1

No. F.1/1-D/FPC. Dated September 15, 1966.

संख्या दिनांक

Shri A. L. Dias,
Secretary,
Ministry of Food & Agriculture,
(Department of Food),
Krishi Bhavan,
New Delhi-1.

Sir,

I have the honour to submit herewith the Report of the Foodgrains Policy Committee, appointed under the Government of India Resolution No. 159(2)/66-Py.I, dated 15th March, 1966.

Yours faithfully,

(Sd.) B. VENKATAPPIAH.

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SECTION I

INTRODUCTION

Appointment, Composition and Terms of Reference:— 1.1. The Foodgrains Policy Committee was constituted on the 15th of March, 1966, by a Government Resolution which read as follows :—

> "The Government of India consider that it is necessary to review the existing regulations, arrangements and systems regarding the movement, procurement and distribution of foodgrains in the country with a view to bringing about an equitable distribution of the foodgrains available within the country at reasonable prices. They have now been pleased to appoint a Committee to enquire into this matter and make recommendations. The Committee will consist of the following members:—
>
> | | |
> |---|---|
> | 1. Shri B. Venkatappiah | Chairman |
> | 2. Dr. D. R. Gadgil | Member |
> | 3. Prof. M. L. Dantwala | Member |
> | 4. Shri P. L. Tandon | Member |
> | 5. Dr. B. P. Dutia | Secretary. |
>
> 2. The terms of reference of the Committee will be as follows :—
>
> (i) To examine the existing zonal arrangements in regard to the movement of foodgrains and the systems of procurement and distribution in the country; and
>
> (ii) To make recommendations for modifications, if any, in these arrangements and these systems for bringing about an equitable distribution of foodgrains at reasonable prices between different regions and sections of the country.
>
> 3. The Committee will submit its report as early as posible."
> [G. R. No. 159(2)/66-Py.I, Ministry of Food and Agriculture].

1.2. Our terms of reference are comprehensive. They encompass all aspects of food policy, namely, procurement, distribution, movement and prices. These have to be dealt with, not in isolation, but as integral parts of a total policy. The objectives of the policy have been defined. They are equitable distribution and reasonable prices. With these aims in mind,

we have made recommendations which too have to be considered, not each by itself, but as together constituting an integrated food policy.

Programme of Work:— 1.3. We did not issue a questionnaire, but gave wide publicity through the press to our terms of reference, and invited individuals and organisations to send their views on matters relevant to the terms of reference. A letter was also addressed to the State Governments requesting them to send us details of action taken, experience gained and difficulties encountered since 1964 in the fields of procurement, pricing, distribution and regulation of movement of foodgrains. In addition, we asked for their views on what they would consider an appropriate food policy for the future. Cooperative organisations in different States were also requested to send their observations.

1.4. We received a large number of memoranda in response to the general invitation and specific requests. In the course of our study of all this material, we held discussions with officials of the State Governments as well as those of the Department of Food in the Ministry of Food and Agriculture. We also met representatives of farmers, traders, millers and cooperative organisations. We called on the Chief Ministers and the Food Ministers of the States of Andhra Pradesh, Gujarat, Madhya Pradesh, Madras, Maharashtra, Punjab, Uttar Pradesh and West Bengal, as also on the Governor of Kerala. The representatives of the Farmers' Parliamentary Forum placed their views personally before us. The list of the organisations and persons whom we met will be found in Appndix I.

Views on Wheat Policy for the 1966-67 Season:— 1.5. Soon after the appointment of our Committee, the Union Minister for Food desired that we should, if possible, submit an interim report on wheat or at least give an indication of our thinking so that it could be kept in view while taking a decision on wheat policy for the 1966-67 season. As our Committee was appointed on the 15th of March and the decision was to be taken early in April, there was obviously no time for a considered report. But we did have certain views which we thought it would be useful to convey. This we did in a letter addressed to the Secretary, Department of Food, on the 31st of March 1966. The letter may be seen in Appendix II.

Acknowledgements:— 1.6. The subject of food policy is complex and controversial and the time at our disposal was short. Even so, we were greatly helped in our task by our discussions with the Chief Ministers, Food Ministers and others including the officers of the State Governments. A special word of thanks is due to the Union Food Minister, Shri C. Subramaniam, and the Union Food Secretary, Shri A. L. Dias. They placed all the relevant material and all such staff as we wanted at our disposal. Our discussions with representatives of various organisations—of farmers, cooperatives and traders—were of great help to us. We had also

the benefit of the views of a large number of people and institutions who sent written memoranda in response to our general invitation. We would take this opportunity of expressing our thanks to all of them for the help and cooperation we have received from them.

1.7. We would thank Dr. B. P. Dutia, Member-Secretary, for the hard work, tact and ability he brought to bear on an exacting assignment. He was most competently assisted by his staff. To them and to him must go largely the credit for our being able to submit the Report within the time-limit we had set for ourselves.

SECTION II

BASIC CONSIDERATIONS

Introductory:— 2.1. It would be useful to give some idea at the outset of the assumptions and considerations which are basic to our view of the food problem and therefore to our recommendations. We shall state them briefly at this stage and elaborate some of them in later sections.

Basic Objectives of Equitable Distribution and Reasonable Prices:— 2.2. First and most basic of all are two objectives of food policy—equitable distribution and reasonable prices—which specifically govern our terms of reference. We assume, what indeed is self-evident, that Government considers itself responsible for ensuring that food prices are reasonable and shall not rule at levels that prevent people with low incomes from buying their fair share of what is available. And, since food is short, we equally assume that Government considers itself responsible for ensuring that, by and large, the effects of shortage are not more harsh on some parts of the country and some sections of the population than on others.

Shortage Likely to Continue for a Number of Years:— 2.3. Next, it is best to be clear on the point that the problem of shortage is one which will be with us for a number of years. We are not increasing our food supply or decreasing our population growth fast enough for it to be otherwise. A couple of good seasons do not provide the answer, for the problem is deeper than just a bad season, however bad. To plan from season to season, therefore, is to continue to live from hand to mouth. We must plan for not less than five years, possibly ten.

Long-term and Country-wise Food Management Necessary:— 2.4. Food supply is both production and imports. We assume appreciable, and as the years go by considerable, increase in food production. But, much earlier than that, we assume substantial reduction in food imports. And such imports as we may have, we assume will help add, not so much to current consumption, as to the building up of a buffer stock. This has to be large to be effective. We have in mind the creation of a food reserve of not less than four million tonnes in not more than four years. The policy decision will be hard and its implementation harder. For what is entailed, in lean years as in good, is restraint on consumption and extension of procurement. The leanest year we have had so far is the one which is about to come to a close with the next kharif. We may draw encouragement from the fact that, nevertheless, procurement has been better, even if only slightly

better, than in previous years. Difficult enough now, the situation will be much more difficult should a lean year like this recur when imports are no longer available. And yet, in the perspective of five to ten years which we have suggested as basis for immediate food planning, it would only be the barest prudence to provide for more than one bad year. These would be years during which a shortage which is chronic and marginal suddenly becomes acute and grave. The answer can only be in terms of food management—prudent food management—long enough in point of time and country-wide in point of area: that is to say, covering good years and bad, and all States, surplus as well as deficit. In our view, the need for food management will remain for the next decade. And the responsibility to manage will be obviously that of the Central Government and the State Governments. Neither need nor responsibility can be wished out of existence.

Check on Inflation Necessary for Successful Food Policy :— 2.5. Today there is one consideration which has to be borne in mind more than ever before: inflation. Over the past three years, there has been a most disturbing tendency for prices to rise steeply. It is necessary to note that the present formulation of food policy is taking place at a time when inflation, if not effectively checked, may well assume very grave proportions. Inflationary pressures can be kept under check mainly by appropriate monetary and fiscal measures. Recognition of the crucial importance of adherence to such discipline is in evidene. We, therefore, assume that monetary and fiscal policies in the years ahead will be such as would be conducive to the maintenance of reasonable stability in the general price level. This will be of considerable help in the removal of an important factor exerting an upward pressure on foodgrains prices also. But apart from the general monetary forces influencing all prices in the economy, there are specific supply-demand factors affecting foodgrains prices in particular. The shortage of foodgrains that we envisage for the next five years implies the continuance of an upward pressure on foodgrains prices. At the same time, the demand for foodgrains is price inelastic, so that even a marginal shortage tends to result in a big rise in foodgrains prices. Such a rise, if excessive, can generate conditions leading to a wage-cost spiral. Hence, one of the important objectives of food policy is to ensure that the shortage of foodgrains does not cause an excessive and unbridled rise in their prices. But it is necessary to emphasize that food policy can achieve this objective only if it is supported by appropriate monetary and fiscal policies. If in the absence of such policies, an attempt is made to keep foodgrains prices alone at a low level, two things will happen, both of them harmful to food production. There will be diversion from food crops to other crops. And there will be discouragement of investment in agriculture.

Present Situation Differs from 1952 :— 2.6. The situation that we are facing at present thus bears no comparison with what had obtained, say, in

1952-54. It is often said, and has been said by some of those who have expressed their views before us, that the decontrol of food at that time was both a courageous thing to do and the right thing to have done. By implication it is suggested that a similar course would be appropriate now. We are unable to agree. It is overlooked that, apart from other factors, the situation in 1952—after the Korean war boom—was one of downward prices in the world economy itself. But the downward trend did not last long. So far as India was concerned, the decontrol of food in 1952-54 was followed in less than two years by an upward movement of prices. We consider it necessary to put this down unambiguously because, in our view, any repetition of the decontrol of food, in small or large doses, is likely to accentuate the existing inflationary forces.

Overall Food Management by Government Unavoidable:— 2.7. In particular, the restrictions on movement have been the subject of much controversy. Three broad alternatives, in descending order of freedom, are put forward on behalf of private trade: (a) completely free movement of foodgrains throughout the country, (b) practically free movement throughout the country, but restricted to the extent that the big cities are cordoned off, and (c) the re-introduction of the large zones (for wheat or rice or both) within which, but not throughout the country, free movement can be resumed by the trade. We shall later explain why we consider it necessary, as part of an integrated scheme, that inter-State movement should be under the control of Government. Meanwhile we would only repeat that, in the present situation, it is unavoidable that Government should be in charge of the overall management of food.

No Easy Solution :— 2.8. If the assumptions we have made so far are conceded, it follows that, as the food problem now stands, there are no soft options; there are only hard choices. Whatever the policy recommended, there will undoubtedly be hardship at one or more points, possibly at all points, of its execution. The consumer will obviously not get all that he wants; the trade's place will be strictly within a framework of regulation; and the producer, who, we trust, will be assured of reasonable prices, cannot hope to get the same returns as in a completely free market. It of course never was, and is not going to be, easy to reconcile the immediate interests of producer, distributor and consumer. The whole nation—the politician and the people, the government and the administrator—will have a stupendous job to perform. This job will postulate discipline at all levels, and the discipline will have to be not merely that of individuals but also of the States.

National Discipline and Authority :— 2.9. More needs to be said on this question of discipline. Some of those who gave us their views asked us to remember the political realities of the country and frame our recommendations in full recognition of those realities. Surplus and deficit States, we

have been told, are often at cross purposes and the Centre is not always in a position either to get the surplus States to supply more, or the deficit States to procure more, from their own resources. Commitments meanwhile increase and there is a tendency to regard them as wholly the responsibility of the Centre. But at a certain point the Centre is left without means of meeting those commitments. In the past it has relied on imports. In future it will be left without this alternative. It is, therefore, asked whether it would not be better to cut down Government's commitments to the minimum, and let the trade do what it can to meet the situation, although it is not likely to ensure either reasonable prices or equitable distribution. The suggestion amounts to this, that policy should be given up because there is lack of common purpose among the States and lack of discipline everywhere. We do not wish to minimise the difficulties. But we do wish to point out that no reasonable policy can succeed without the sharing of a common purpose by the country as a whole, and the exercise of some authority by the Centre, even if only moral or persuasive, in translating that purpose into the actual working of a national food policy. We should like to say in the clearest terms that our recommendations rest on this basic assumption. If there is no such discipline or authority, the policies we recommend and the administrative arrangements we suggest will not work.

Administrative Efficiency and Integrity :— 2.10. In regard to the administration itself two things have been urged before us: (1) that the degree of efficiency of the administrative machinery should be realistically assessed and burdens beyond its capacity not placed on it; and (2) that, similarly, the degree of integrity of those connected at various stages with the working of controls should be taken into account, before schemes are attempted which entail a further strain on their honesty. For, it is urged, any widening or prolongation of the policy of control will only increase corruption without ensuring the results hoped for from the policy. There is a degree of truth in these observations which we recognise. But if we are right in envisaging the future situation as one of considerable gravity, the issue before the nation is no longer an ordinary one, but as vital as that involved, for example, in a military threat to the country's security. In such a contingency, indiscipline, corruption and inefficiency at whatever level cannot be regarded as tenable reasons for not taking such measures as may be necessary for sheer survival. We have no reason to believe that, once this gravity is realised, the capacity and integrity requisite for taking those measures cannot be located and mobilised in this country.

SECTION III

REVIEW

General :— 3.1. We propose in this Section to review the food policy as it has developed since 1960-61. The main trend of policy has been towards greater regulation and controls on the sale, purchase and movement of foodgrains. The large rice zones in which the trade was allowed to operate freely tended to be narrowed down to smaller State-wise units in which the State Governments took control, in varying degrees, of procurement and distribution. Not only rice, but wheat and coarse grains came to be regulated. These changes were in response to the difficult food situation that arose in the wake of shortfalls in production and rising pressure on foodgrains prices. We review these developments in some detail not only because they are recent, but also because the experience during this period provides a valuable background for understanding the basic framework within which food policy has to operate.

Food Situation During 1960-61 to 1963-64 :— 3.2. During the period 1960-61 to 1963-64, controls existed but were not many. All foodgrains, except rice, were allowed to move freely throughout the country and there were no restrictions on their prices, purchases and sales. Imports of foodgrains during this period were, however, stepped up principally under the PL 480 programme. In May 1960, Government had entered into an agreement with the United States of America for imports, over a period of four years, of sixteen million tonnes of wheat and one million tonnes of rice under this programme. With assured supplies of this order from abroad, the prices of foodgrains, especially of wheat, could be stabilised at a relatively low level. The average annual index number of wholesale prices of wheat fluctuated between 89·3 and 92·2 during this period. Government also maintained a system of public distribution in the form of fair price shops through which three to four million tonnes of foodgrains, mainly imported, were distributed annually. (App. III—Table 6). Internal procurement was confined to rice in the surplus States. Politically, there was little inner compulsion either to produce more or to procure more. Imports cloaked a situation that was essentially grave.

3.3. As regards rice, there were four large zones comprising contiguous deficit and surplus States during the period 1960-61 to 1963-64. These were:—

(a) The Southern Rice Zone comprising Andhra Pradesh, Madras, Mysore and Kerala;

(b) The Modified Western Rice Zone comprising Madhya Pradesh, Maharashtra and Gujarat;

(c) The Eastern Rice Zone comprising Orissa and West Bengal; and

(d) The Northern Rice Zone comprising Punjab, Delhi and Himachal Pradesh.

There were no restrictions on movement, purchase and sale of rice within each zone, but no movement of rice by private trade was allowed outside the zones. These zones were constituted with a view to "promoting regional self-sufficiency, avoiding cross-movement and reducing speculative activity".

Developments During 1964 : Wheat:— 3.4. Difficulties soon emerged as might have been foreseen. Not all seasons could be expected to be good. Production of foodgrains fell in 1962-63 and again in 1963-64. Wheat declined in both years. Rice output fell during 1962-63 and recovered only marginally during 1963-64. With the decline in wheat production for two successive years, wheat prices started rising in the latter half of 1963. The Economic Adviser's Index number of wholesale prices of wheat which had stood at 90 at the end of August 1963 increased to 121 by the end of February 1964 [App. III—Table 9(c)]. The rise in wheat prices was particularly steep in the surplus States of Punjab and Madhya Pradesh. This was on account of the pressure of demand from Uttar Pradesh, where wheat production had declined sharply, as well as from the deficit States of Maharashtra and Gujarat. With a view to checking the rise in prices, Government increased the number of fair price shops and stepped up considerably the releases through these shops. But the rise in prices remained unabated. Government considered it necessary to impose restrictions on inter-State movement of wheat so as to "conserve supplies of wheat in the important wheat consuming areas and to isolate areas of shortage for Government distribution of imported wheat". Accordingly, in March 1964, the following wheat zones were created:—

(a) Punjab and Union Territories of Delhi and Himachal Pradesh (export of wheat and wheat products from this zone to Jammu & Kashmir was permitted);

(b) Uttar Pradesh;

(c) Rajasthan;

(d) Bihar;

(e) Maharashtra (export of wheat and wheat products from this zone to Goa was permitted);

(f) Gujarat, including Daman and Diu;

(g) Southern States of Andhra Pradesh, Madras, Mysore, Kerala and Pondicherry; and

(h) The residual zone of the States of West Bengal, Orissa, Assam, Nagaland and the Union Territories of Tripura and Manipur.

3.5. With the creation of the wheat zones, wheat prices declined in the surplus States of Madhya Pradesh, Punjab and Rajasthan. But they rose in the deficit States of Gujarat, Maharashtra, Bihar and Uttar Pradesh.

Rice : Eastern Rice Zone :— 3.6. The four large rice zones, to which we have referred in para 3.3, did not meet with major impediments until the 1963-64 season. Some difficulties, however, arose in the Eastern Rice Zone during 1961-62 and 1962-63 following shortfalls in rice production both in Orissa and West Bengal. In view of the decline in rice production, the surplus State of Orissa stopped movement of rice to the deficit State of West Bengal from May 1963. As a result, a difficult situation arose in West Bengal, especially during the lean months of September and October 1963. The Central Government had to rush supplies of rice and wheat to West Bengal to tide over the difficult situation. With improved prospects of the 1963-64 rice crop, the Government of Orissa allowed the movement of rice to West Bengal, but mainly on Government account.

Southern Rice Zone :— 3.7. The Southern Rice Zone seemed viable until December 1963. In 1963-64, the Government of India considered it necessary to step up procurement of rice and paddy. In pursuance of this policy, the Government of Andhra Pradesh enforced a levy of 40 per cent on rice millers and dealers in certain surplus districts of the States in December 1963. No trader or miller was permitted to remove rice from these districts without payment of the levy. Movement of rice from Andhra Pradesh to Madras, Mysore and Kerala, the other constituent States of the Southern Rice Zone, thus became irregular and uncertain. With a view to ensuring a better enforcement of the levy, the Government of Andhra Pradesh imposed in May 1964 a ban on the movement of rice outside the State without fulfilment of the procurement levy. The flow of rice through normal trade channels was thus disrupted in the Southern Rice Zone. Rice prices began to rise in the deficit State of Kerala. This, in its turn, induced a sympathetic rise in prices in Andhra Pradesh and Madras. Rice millers and traders were increasingly reluctant to part with their rice to Government at the relatively low prices fixed by the authorities. In June 1964, procurement operations in Andhra Pradesh were given up. All formal and informal restrictions on movement of rice in the Southern Rice Zone were also removed. In August 1964, with a view to keeping a check on the rise in prices, maximum prices for rice were fixed in the Southern Rice Zone. But the implementation of the maximum prices proved to be difficult. In the deficit States, because of

overall shortage, the maximum prices could not be effectively implemented. The surplus States also found it difficult to enforce maximum prices because the traders from the deficit States offered prices higher than the maximum prices in a bid to acquire rice for movement to deficit States. As a consequence, surplus States in the Southern Rice Zone began to reimpose informal restrictions on movement of rice to deficit States. In view of the difficulties that thus arose in the movement of rice from one State to another, inter-State trade in rice in the Southern Rice Zone on trade account was banned with effect from October 1964.

Modified Western Rice Zone :— 3.8. In the modified Western Rice Zone, trade movements began to be restricted by the surplus State of Madhya Pradesh when prices started rising early in 1964. In April 1964, the three State Governments of Madhya Pradesh, Maharashtra and Gujarat agreed to impose a ban on movement of rice from Madhya Pradesh on trade account. Instead, inter-State movement of rice among the three States was to be only on Government account.

3.9. Thus, by the end of the 1963-64 season, the large rice zones had for all practical purposes disintegrated, with the exception of the Northern Rice Zone comprising Punjab, Himachal Pradesh and Delhi. Movement of rice from one State to another on private trade account was banned. It was to be carried out only on Government account.

1964-65 Season : Rice :— 3.10. For the 1964-65 season, Government decided to allow each State to continue as a separate rice zone, except that the Northern Rice Zone comprising Punjab, Himachal Pradesh and Delhi was to continue to function. It was also decided to intensify procurement of rice in the surplus States for meeting requirements of the deficit States. It was agreed to procure 19·5 lakh tonnes of rice for the Central Government from the surplus States of Andhra Pradesh, Madras, Madhya Pradesh, Punjab and Orissa. The State Governments, both surplus and deficit, were also to procure additional quantities on their own account for supplementing the supplies received from the Centre for release through fair price shops.

3.11. During the 1964-65 season, procurement of rice was undertaken by a system of levy on rice millers and dealers in the States of Andhra Pradesh, Madhya Pradesh, Orissa, Punjab, Uttar Pradesh, West Bengal, Gujarat, Bihar, Maharashtra and Mysore. In Kerala and Madras, procurement was by a graded levy on producers of paddy. In Assam, monopoly procurement of paddy through the agency of the Apex Cooperative Marketing Society was continued. During this season, a total quantity of 15·6 lakh tonnes of rice was procured on behalf of the Central Government and 13·4 lakh tonnes on State Governments' account (App. III—Table 2). There was shortfall in reaching the targets for stocks to be

procured on the Central Government account. The States which contributed to the shortfall were Andhra Pradesh, Madras and Orissa. Punjab and Madhya Pradesh exceeded the targets.

3.12. All States except Rajasthan fixed maxima for wholesale and retail prices during 1964-65. But the enforcement of the maximum prices proved difficult. This was especially so in the deficit States. Gujarat, Uttar Pradesh, Mysore and Bihar later rescinded the orders which prescribed maximum prices. They fixed only purchase prices for the purpose of procurement.

1964-65 Season : Wheat and Coarse Grains :— 3.13. The movement restrictions on wheat which had been introduced in March 1964 were continued during 1965. Procurement operations were undertaken out of the 1964-65 wheat crop (marketed from May 1965 to April 1966). In Punjab, wheat was purchased by exercising the State Government's right of pre-emption in the course of regular auctions in regulated markets. In all, 3·6 lakh tonnes of wheat were purchased by the Government of Punjab, out of this, 1·9 lakh tonnes were on behalf of the Central Government. Small quantities of wheat were also purchased in Rajasthan, Uttar Pradesh and Madhya Pradesh. [App. III—Table 3(a)]. Restrictions on inter-State movement of coarse grains and gram were continued during the 1964-65 season. However, the surplus States were asked to allow their traditional outflows of these grains on a regulated basis. Procurement of coarse grains like jowar was also undertaken in several States, *e.g.*, Maharashtra, Madhya Pradesh, Mysore, Rajasthan and Uttar Pradesh..

Food Corporation of India :— 3.14. The Government of India set up in 1965 two new bodies, namely, the Food Corporation of India and the Agricultural Prices Commission. The Food Corporation of India was established on 1st January 1965 for undertaking purchase, storage, movement, transport, distribution and sale of foodgrains in the country. Its Central office was set up in Madras. The Corporation has also opened regional offices in a number of States. During 1965, the Food Corporation of India undertook the procurement of rice on behalf of the Government of Andhra Pradesh. The Corporation was appointed as a procurement agent by the Government of Madras in two districts. It also arranged for movement of rice and paddy into Kerala from other States. The Corporation has been entrusted with the responsibility of distribution of imported wheat and for its processing into wheat flour and other wheat products through flour mills in the four Southern States. During the 1965-66 season, the Corporation undertook procurement of rice, paddy, wheat, jowar, maize, gram, gramdal and groundnut oil in different States. Rice and paddy were procured in Andhra Pradesh, Madras, Kerala and Mysore, wheat in Punjab, and gram and gramdal in Rajasthan. The

responsibility of distributing imported wheat to roller flour mills and distribution of wheat products produced by the mills was entrusted to the Food Corporation in Rajasthan and Orissa in addition to the Southern States. The Corporation has also been arranging for the movement of rice, wheat, gram and gramdal from the surplus States to the deficit States. In addition to these activities, the Corporation has undertaken to arrange for the supply of fertilizers, seeds and credit in a few selected districts.

Agricultural Prices Commission :— 3.15. The Agricultural Prices Commission was set up in January 1965 to advise Government on the price policy of agricultural commodities, including paddy, rice, wheat, jowar, bajra, maize, gram and other pulses, sugarcane, oilseeds, cotton and jute, "with a view to evolving a balanced and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of the producer and the consumer". The Commission made recommendation for the price policy in respect of the kharif cereals of 1965-66. Besides suggesting certain minimum prices, it gave its views on various aspects of food policy.

Food Policy in the 1965-66 Season :— 3.16. The minimum support prices for paddy, jowar, bajra and maize that had been fixed for 1964-65 were, with marginal changes, also adopted for 1965-66. This was on the basis of the recommendations of the Agricultural Prices Commission. As regards other aspects of food policy, Government decided to continue during 1965-66 the restrictions on the inter-State movement of rice, wheat, coarse grains and gram that had been introduced in 1964-65. One change was that, after the introduction of statutory rationing in Delhi, the Northern Zone consisted only of Punjab and Himachal Pradesh. An important development was the acceptance of the idea of a National Food Budget. This however, was not implemented. As regards distribution, it was decided that statutory rationing would be introduced in the first instance in cities having a population of one million and above, as also in areas with a heavy concentration of industrial workers.

Working of the Food Policy in 1965-66 :— 3.17. Food Policy was put to a severe test during 1965-66. The production of foodgrains suffered a heavy setback on account of one of the worst droughts in recent years. Both kharif and rabi crops were adversely affected. Despite conditions of drought, procurement operations were undertaken during the 1965-66 season by all the States, except Mysore where procurement was given up in early 1966. Procurement was undertaken by a levy on producers in Maharashtra, Madhya Pradesh, West Bengal, Madras, Kerala and Bihar. In Maharashtra, Madhya Pradesh, West Bengal, Orissa and Assam a system of monopoly purchase was adopted. (In Assam, however, the system of monopoly purchase through the agency of the Cooperative Societies was withdrawn in July 1966, and millers were allowed to purchase paddy). In

Punjab, Uttar Pradesh and Gujarat, rice was procured by a levy on rice millers and dealers. In Andhra Pradesh, a graded levy on producers was introduced in all districts, except East Godavari, West Godavari and Krishna districts where a levy of 75 per cent was imposed on rice millers. The levy on producers was later withdrawn. The unusual drought contributed to this decision. Instead, a levy on rice millers was introduced. The rates of levy varied in different districts.

3.18. Despite a shortfall in the production of all foodgrains, the procurement of rice during 1965-66 has been higher than during the corresponding period of 1964-65. Upto the end of July, in either case, it was 28·0 lakh tonnes in 1965-66 as compared with 26·4 lakh tonnes in 1964-65. However, procurement of rice during 1965-66 has been lower than in the previous season in the surplus States of Madhya Pradesh, Orissa and Punjab, as also in Assam and Uttar Pradesh. On the other hand, procurement has been higher during 1965-66 in Madras, Andhra Pradesh and Gujarat (App. III—Table 2). Another noteworthy development is that, though the total procurement during 1965-66 has been higher, the stocks acquired on behalf of the Central Government have been less than half the quantity procured during the corresponding period in 1964-65.

3.19. With the imposition of restrictions on inter-State movement of foodgrains and intensification of procurement, the distribution programme of Government has also expanded. This has been especially so in the deficit States. Statutory rationing which had been introduced in Calcutta in January 1965 was extended to Asansol, Durgapur and Siliguri in West Bengal; Madras and Coimbatore in Madras State; Hyderabad, Secunderabad and Visakhapatnam in Andhra Pradesh; Bombay, Poona, Sholapur and Nagpur in Maharashtra; Kanpur in Uttar Pradesh; and lastly, Delhi. In Kerala, informal rationing has continued to operate from the time of its introduction in October 1964. In addition, a large net-work of fair price shops has been functioning all over the country, both in urban and rural areas. These shops numbered 1·14 lakhs in July 1966. The quantity of foodgrains issued through the public distribution system, *i.e.*, fair price and ration shops, has increased from an average of about four million tonnes during the period 1960 to 1963, to 8·7 million tonnes in 1964 and 10·1 million tonnes in 1965. Supplies from Central Government stocks to the State Governments have been 7·7 million tonnes during the first eight months of 1966 as compared with 5·7 million tonnes in the corresponding period of the previous year.

Assessment of the Working of the Food Policy:— 3.20. Thus, the main features of food policies during 1964-65 and 1965-66 were intensification of porcurement, larger distribution through the system of public distribution and restrictions on inter-State movement of foodgrains. One thing

is clear. It would have been extremely difficult, but for the policies of public procurement and public distribution adopted, to maintain supplies, on the whole without undue dislocation, to large sections of the population and large areas of the country. It is a significant achievement that Government has been able to procure 2.9 million tonnes of rice—about 2 lakh tonnes more than in the previous season—despite an estimated shortfall of nearly 17 million tonnes in the production of foodgrains during 1965-66. Further, the stocks of rice and wheat with the Central and State Governments at this time of the year are the highest on record. They stand at 3·8 million tonnes as against 2·6 million tonnes in 1965 and 1·2 million tonnes in 1964. The policy of larger distribution through the retail channels under Government control has also reduced the disparity in availability of foodgrains as between different States. For example, during the period 1961 to 1963, the co-efficient of variation in the *per capita* availability of cereals between different States was 17 per cent. This coefficient was reduced to 16·4 per cent in 1965. (App. III—Table 10). This reduction in disparity, even if only marginal, has been possible because of the stepping up of distribution in deficit States such as Gujarat, Maharashtra, Kerala and West Bengal.

3.21. It however needs to be re-emphasized that the improvement in inter-State availability of foodgrains is to a considerable extent due to the larger imports obtained in 1964 and 1965. Thus, in 1964, against the total quantity of 8·7 million tonnes of foodgrains distributed by Government, imports were 6·3 million tonnes, *i.e.*, more than 72 per cent of the quantity distributed. During 1965, imports were 74 per cent of the total distribution by Government. In 1966, the share of imports in quantities distributed by Government is likely to increase further. This dependence on imports is anything but reassuring. (App. III—Table 4).

3.22. Another disquieting feature of the present arrangements is the wide disparity in prices between different areas. The co-efficient of variation in prices of rice as amongst different States increased from 8·7 per cent in 1963-64 to 19·3 per cent in 1964-65 and 26·11 per cent in 1965-66. For wheat, the co-efficient of variation in prices as amongst different States has gone up from 10·0 per cent in 1963-64 to 19·4 per cent in 1964-65 and 23·1 per cent during 1965-66. Similarly, in the case of Jowar, the co-efficients of variation during 1963-64, 1964-65 and 1965-66 have been 9·4, 18·5 and 14·7 per cent respectively. It must be added, by way of qualification, that these coefficients are based solely on open market quotations. The disparity is, of course, less to the extent that account is taken of the large quantities available at relatively low prices through the system of fair price and ration shops operated by Government.

SECTION IV

PERSPECTIVE

Introductory :— 4.1. We may now attempt a somewhat broader perspective of the food problem. The problem itself has been with us now for a quarter of a century. Our dependence on small but crucial imports of foodgrains, especially rice, became apparent in the Second World War. This happened with Japan's entry in the War when we were cut off from the traditional sources of supply like Burma. The Partition of the country in 1947 resulted in the transfer of valuable surplus wheat and rice producing areas to Pakistan. Since then, except for a brief period during 1954 and 1955, the problem of food shortage has become a chronic feature of the economy. Committees have been appointed by Government from time to time and different policies tried with varying degrees of success and failure. These policies have ranged from a very high degree of control to complete de-control. Some of the policies were tried for only a brief period and without adequate preparation. Often, the basic shortage was aggravated by a bad season, and almost invariably the resulting crisis was met by *ad hoc* measures of food administration. Only during the last two years is there discernible an attempt to evolve a firm food policy and to build a machinery to implement it. In many ways, what we recommend in the succeeding Sections is in confirmation of the measures thus taken. What we are anxious to emphasise, however, is that these measures and all such supporting action as may be necessary should be placed in the context, not of temporary expediency, but of needs that go beyond the short term and therefore require, for their fulfilment, a consistent long-term food policy and a durable, effective machinery to implement it. We would again emphasise that no mistake can be more serious than that of weakening or disbanding the machinery merely because of one or two good seasons.

Past Trends in Supply of and Demand for Foodgrains:— 4.2. The fact that the problem has remained with us for such a long time indicates that the malady is deep-rooted and cannot be remedied in the short span of a year or two. Basically, the problem of food shortage has arisen because the supply has lagged behind demand. Obviously, the only lasting solution is to increase the output of foodgrains. Over the past 15 years, production has undoubtedly increased but not adequately. From 100 in 1949-50, the base year, the index of foodgrains production rose to 115·3 in 1955-56, 137·1 in 1960-61, and 149·1 in 1964-65 (App. III—Table I). But

population too has increased with the result that the *per capita* availability of foodgrains out of domestic production alone (*i.e.* excluding imports) has risen from 14·4 ozs. per day in 1949-50 to only 15·3 ozs. in 1964-65. If, however, we take imports into account, the *per capita* availability has increased from 14·9 ozs. in 1949-50 to 16·8 ozs. in 1964-65. Following on a bad season, the *per capita* availability in 1965-66 is estimated at 12·3 ozs. per day out of domestic production and 14·3 ozs. per day, if likely imports are included (App. III—Table 11). It may, however, be noted that these all-India percentages conceal significant variations between different States.

4.3. If food shortage has been experienced despite the rising trend in domestic production and, even in *per capita* availability, the main explanation for it has to be sought in increased demand. This in turn is the result of a number of forces which operate and will continue to operate. The increase in production has not kept pace with those forces. The remedy is to ensure that it does.

Factors Affecting Demand for Foodgrains: Population:— 4.4. The principal reasons for increased demand are growth of population, urbanisation and rise in incomes, both real and monetary. The average rate of growth of population was 2·2 per cent between 1951 and 1961. Since then it has gone up to 2·4 per cent. (App. III—Table 13). It will take time for the programme of family planning to have its impact on this situation. We may assume that during the next five to ten years, population will continue to grow at not less than the current rate.

Urbanisation:— 4.5. Meanwhile, the number of town-dwellers and city-dwellers is increasing even faster. During the period 1951 to 1961, urban population increased at an annual average rate of 2·7 per cent. The population of 112 cities increased at the rate of 3·2 per cent per annum. Urbanisation is a growing trend. Its effect on the demand for foodgrains is important, for the urban dweller can obtain his requirements of foodgrains only through market transactions. This is in contrast with the demand emanating from the rural areas, where a large section of the population consists either of foodgrains producers or of agricultural workers, who obtain their requirements largely through barter deals.

Increase in Incomes:— 4.6. During the period 1951 to 1964, national income has been rising at an average rate of 4·6 per cent per year. (App. III—Table 14). Agricultural incomes have also been rising with increases in production. Moreover, during the last three years or so, the terms of trade have become increasingly favourable to the farmer. Consequently, the demand for foodgrains in the rural sector has also been rising, so that

the marketed surplus fails to increase proportionately with the increase in production. In assessing the food situation of the future, that is to say of the next five to ten years, all these factors on demand have to be kept in mind for their bearing on demand.

Demand for Protective Foods:— 4.7. As we have said, the real answer lies in increased production; and the increase, of course, should not be confined to cereals. With improvement in *per capita* income and standards of living, there should be increasing demand for protective foods such as vegetables, fruits, milk and oils. From many points of view, including that of providing a balanced diet, the existing lopsidedness in favour of cereals needs to be corrected. In comparison with economically advanced countries, the *per capita* availability of protective foods in India is woefully inadequate. For example, the *per capita* net availability per year of vegetables in India is estimated at 2·8 kgs., as compared with 98·4 in France, 144·8 in Italy, 59·9 in U.K., 96·8 in U.S.A. and 103·8 in Japan. A similar figure for milk (fat) in respect of India is 2·6 kgs., as compared with 6·2 in France, 4·0 in Italy, 7·7 in U.K. and 8·1 in U.S.A. As regards fats and oils, *per capita* availability in India is estimated at 3·8 kgs., as compared with 18·0 in Italy, 24·0 in U.K. and 21·3 in U.S.A. (App. III—Table 12). While, at present, attention is mainly and understandably concentrated on remedying the shortage of cereals in the country, it is important to plan positive steps for increasing the production of vegetables, fruits, milk and oils.

Time and Space Factors Affecting Demand for Foodgrains:— 4.8. One point may be emphasised. Production needs to be increased, but the problem is not solved by achieving a quantitative equality between the demand for foodgrains and their supply. This is so for two reasons. Firstly, while the production of foodgrains is concentrated at certain points of time, demand for them is spread over the entire year. Hence, the storage of foodgrains becomes inevitable. But in a situation like ours, those who hold stocks are in a strong position to influence the prices to their advantage. Secondly, production is not uniformly spread over the country. Foodgrains have to be transported from surplus to deficit areas. Transport bottlenecks can create acute, though temporary, scarcity of foodgrains and consequent rise in prices in particular parts of the country. In a situation of general shortage, therefore, it is important not only to add to supply as a whole, but to ensure that the aggregate supply is adequately distributed over time and space. In other words, besides larger production of food, there has to be better management of it.

Supply of Foodgrains: Domestic Production and Imports:— 4.9. We may now consider the supply of foodgrains available for consumption. Domestic production constitutes approximately 92 per cent of the total.

But, over the years, imports have consistently supplemented domestic production in varying proportions as follows :—

	Average Annual Production ('000 tonnes)	Average Annual Imports ('000 tonnes)	Imports as percentage to Total supply
Quinquennium ending 1951 . . .	58,116	3,197	5·2
Quinquennium ending 1956 . . .	65,837	1,792	2·6
Quinquennium ending 1961 . . .	75,249	3,874	4·9
Quinquennium ending 1966 . . .	80,528	6,494	7·5

4.10. Some observations may be made on these figures. The average annual supply of foodgrains has increased from 61·3 million tonnes in the five years ending 1951 to 87·0 million tonnes in the five years ending 1966. The *per capita* per day availability (gross) has increased from 15·6 to 16·4 ozs. during the same period. Both domestic production and imports have contributed to the increase in the total supply of foodgrains. However, the percentage contribution of imports to the total supply has increased from 5·2 in the five years ending 1951 to 7·5 in the five years ending 1966. The growing dependence on imports has of course been more marked after 1960 with the operation of the P.L. 480 programme. During the year 1966, in which supply from domestic production has gone down by as much as 17 million tonnes on account of unprecedented drought, the aggregate of foodgrains imported is likely to reach the all time record of about 11 million tonnes.

4.11. As is now well-known, imports are not likely to be either large or easy in future. The U.S. Government has made it clear that its own reserves of wheat have dwindled, to a point that makes a revision of policy inevitable. Imports from the U.S.A. will not only be less, but will have to be paid for in dollars, not rupees. There are other factors too which have been operating in the world market. The U.S.S.R. and China have both been buying large quantities of foodgrains. Today, world food supply is more difficult than at any time in the recent past.

Tapering off of Imports in Future:— 4.12. In formulating future food policy, then, the changed perspective in respect of imports has to be firmly kept in view. Our dependence on imports was undesirable. In future, it may not even be feasible. This is a development which must radically affect both food policy and its implementation. No State and no region of the country can afford hereafter to be half-hearted in planning and executing domestic measures—whether in production of more food or in management of supplies—for there can no longer be reliance on imports; there can only be self-reliance. We have assumed not only that imports will taper off during the next four or five years, but that, by the

end of the Fourth Plan, we shall have no imports of foodgrains at all. They will be either stopped by the other countries as a result of their policies or dispensed with by us as a result of ours.

Its Implications:— 4.13. The implications of the new situation may be summed up: (1) we must achieve self-reliance in foodgrains as quickly as possible; (2) to the extent that imports are available within the interval they must be used mainly for building reserves; and (3) the distribution system should be so operated as to mitigate to the maximum possible extent the hardships, especially of the poorer classes, likely to result from the stoppage of imports.

Foodgrains Production : Planned Targets and Achievement:— 4.14. We may consider how foodgrains production fared in the three Plans. It increased from 51·99 million tonnes in 1951-52 to 66·85 million tonnes in 1955-56. The actual achievement at the end of the First Plan exceeded the target by 6·7 per cent. During the Second Plan, the production further increased to 82·0 million tonnes in 1960-61. The target was 81·8 million tonnes. During the Third Plan, however, results fell short of aims. Initially, the target of foodgrains production envisaged for the last year of the Third Plan was 101·6 million tonnes (100 million tons). This was subsequently revised downward to 92 million tonnes. The table below compares the actual production of foodgrains during each of the relevant five years with the projected figures of production requisite for fulfiling (a) the original target of 101·6 million tonnes and (b) the revised target of 92 million tonnes:

Actual Production and Targets of Foodgrains Production during the Third Plan Period

Year	Actual Production	Trend line production for achieving the targets of production in 1965-66 at		Percentage decrease (—) in column 2	
	(Million tonnes)	101·6 (Million tonnes)	92·0 (Million tonnes)	Over Col. 3	Over Col. 4
1	2	3	4	5	6
1961-62 . .	82·71	85·42	83·76	(—)3·17	(—)1·25
1962-63 . .	78·45	89·21	85·74	(—)12·06	(—)8·50
1963-64 . .	80·24	93·16	87·78	(—)13·87	(—)8·59
1964-65 . .	88·40	97·29	89·86	(—)9·14	(—)1·62
1965-66 . .	72·29*	101·60	92·00	(—)28·85	(—)21·42

*Advance Estimate.

Shortfalls in Production:— 4.15. It will be seen that in each of the years, including the very good crop year of 1964-65, actual production fell below the projected trend-line. The last year of the Plan, *viz.* 1965-66, was of course an exceptionally bad year, and this explains the very large short-fall—nearly 20 million tonnes—in comparison with even the lower of the two targets. But during the five year period as a whole, there were also shortfalls in respect of physical inputs such as irrigation, improved seeds and fertilizers. This will be clear from the following table:

Third Plan Targets and Achievements of Agricultural Inputs

Programme	Unit	Target	Achievement	Percentage Increase (+) or Decrease (—) of (Col. 4 over Col. 3)
1	2	3	4	5
(i) Major and Medium irrigation (Gross)—Additional area benefited . .	Million acres	12·8	5·5	(—)57·0
(ii) Minor Irrigation (Gross) Additional area benefited	,,	12·8	13·1	(+)2·3
(iii) Improved Seeds of Foodgrains . . .	,,	203	120	(—)41·0
(iv) *Consumption of Chemical Fertilisers*:—				
(*a*) Nitrogenous in terms of Nitrogen . .	Lakh tonnes	10·2	6·0	(—)41·2
(*b*) Phosphatic in terms of P_2O_5 . . .	Thousand tonnes	406	150	(—)63·1
(*c*) Potassic in terms of	,,	203	90	(—)55·7
(v) Plant Protection . .	Million acres	50·0	40·7	(—)18·6

4.16. If the figures set out in the last two paragraphs mean anything it is that our agriculture is still substantially shaped by the monsoons. We note, however, that to-day's planned effort is on a much larger scale than before. It contemplates a vast increase of inputs, including water, fertiliser and high-yielding varieties of seeds. The prospects of this programme, in relation to the hopes placed on it, may now be considered.

Targets of Foodgrains Production in the Fourth Plan:— 4.17. For the Fourth Five Year Plan, the target has been fixed at 120 million tonnes. Discounting the last year's drought, let us assume a production potential of 90 million tonnes at the end of Third Plan. If this is to be increased to 120 million tonnes in 1970-71, the percentage increase per annum has to be 5·92. On the same hypothesis—of 90 million tonnes in 1965-66—the corresponding rate of increase during the Third Plan has been 2·93

per cent per annum. We agree that nothing less than doubling the rate of increase of production should be envisaged. But this will materialise only if the inputs are physically available and right use is made of them by farmers throughout the country. One of the important planks of the new production strategy is to popularise the high-yielding varieties of paddy like Taichung Native I, Tainan III, etc., and of wheat like Sonara—64, as well as hybrid varieties of jowar, bajra and maize. During our discussions with the officers of the State Governments we found a great deal of enthusiasm for this new strategy, coupled with caution and realism. The varieties must be found acceptable, first, to local soils which vary from place to place and then to local seasons which are not constant from year to year. Only then will they be acceptable to the local farmer; provided, he is also assured against destruction of these new varieties by pest, disease and bacterial blight. And, of course, there must also be credit, marketing, storage and other services needed by the cultivator. All this is known to those in charge of the programme and, so far as we can judge, attempts are being made on the whole on sound lines, though progress is necessarily slow. While placing much hope on this programme which is most vital for the country—we must nevertheless, in the light of experience, allow for a shortfall in achieving the target of 120 million tonnes at the end of the Fourth Plan. In any case, it would be better to err on the side of caution rather than of optimism in estimating food production for the purpose of food policy over the next five to ten years.

Marginal Food Shortage Likely to .Persist:— 4.18. Taking all the considerations togethre, *viz.*, rising demand, decreasing imports and a not-too-spectacular increase in production, we believe that the food situation in the next five years will continue to be difficult, and in a bad year critical. This impels us to adopt a cautious approach. The possibility that the situation of marginal shortage might continue even after five years cannot be ignored, especially as the factors which tend to increase the demand for foodgrains will continue to operate. It follows that the available food supplies will have to be managed in accordance with a national plan so as to minimise distress and avoid excessive price rises. Food policy will have to envisage not only the basic shortage of normal years, but also the recurrent crises precipitated by adverse seasons. It has to be evolved on a basis that is adequately long-term and enduring. And the administrative machinery to implement it will have to be so designed that it can deal with all situations of shortage, normal and abnormal, during the relatively long period, that must elapse before the attainment of self-sufficiency.

SECTION V

INTEGRATED FOOD POLICY

Basic Objectives of Integrated Food Policy:— 5.1. In the larger context, food policy is concerned with production no less than with distribution and prices. The policy has not only to be long-term as discussed in the last Section, but integrated in respect of all these three aspects. More specifically, the main objectives would be:

(a) to achieve self-reliance.

(b) to ensure equitable distribution, and

(c) to keep prices stable and at reasonable levels.

Self-Reliance:— 5.2. We have already pointed out that self-reliance in foodgrains, in the sense that production matches demand, cannot be attained for some years to come. Between domestic production and supply on the one hand and demand on the other the gap today is wide. The demand for foodgrains will continue to rise for the reasons we have explained. In such a situation it is not only necessary to implement with vigour the new plans of production but to pursue a price policy which gives the farmer adequate incentive to increase production. We deal with this question in Section XII. Meanwhile it is necessary to emphasise that in its preoccupation with the two other, and in a sense more immediate, objectives of equitable distribution and holding the price line, food policy should not lose sight of the long-term objective of larger production.

Equitable Distribution:— 5.3. Where available supplies are short, the achievement of the objective of equitable distribution—whether amongst different sections of the community, including the low income groups or amongst different States including the deficit ones—will obviously not be secured through the unrestricted operation of the free market economy. In such an economy, those sections of the population and those States which command relatively high purchasing power will be in a position to satisfy their requirements almost fully, while the poorer sections of the community and the economically less developed States will have to fear the incidence of shortage almost in its entirety. The distribution that would thus emerge will be highly inequitable, inasmuch as it will fail to protect the weaker elements. Equitable distribution of foodgrains has to aim at making the surpluses of surplus producers and surplus States available at reasonable prices to non-producing consumers and deficit States. One

of the principal aims of equitable distribution of foodgrains is to protect the low-income groups of the population from the adverse impact of food shortage.

Price Stability:— 5.4. Another important objective is to ensure price stability. As stated earlier, the demand for foodgrains is price inelastic so that if distribution is left to the free market, even a marginal shortage would lead to a big rise in prices. It has further to be remembered that, when a basic necessity like foodgrains is affected by an upward trend in prices, the speculative or inventory demand increases all along the line. Every section of the community—the producer, the trader and the consumer —tends to lay by stocks. This process of inventory building reduces the supplies available for current consumption and leads to a further rise in prices. It is because of this sensitive character of the foodgrains market that even a marginal shortage can result in a big and self-perpetuating increase in prices of foodgrains. And such a rise in the foodgrains prices would lead to a rise in the prices of other commodities through wages and costs. Thus, in any strategy for holding the price line, the foodgrains prices occupy a pivotal position. Food policy, therefore, has to aim at keeping the consumer prices of foodgrains at reasonable levels.

Need for Planned Management of Food Supplies:— 5.5. In the present context, this can be ensured only by planned management of the available food supplies. Such management implies that Government makes an objective assessment of the national availability of foodgrains and arranges for its distribution as between different sections and States so as to ensure equitable sharing and reasonable prices. An essential pre-requisite of the planned management of food supplies is to draw up and implement a National Food Budget in accordance with the basic principle of sharing the national availability in a fair and equitable manner. The State Governments, whether they be surplus or deficit in foodgrains, will have to cooperate actively in the formulation and implementation of the National Food Budget. It is only by full acceptance of the principle of sharing on a national basis that the problem of chronic shortage can be successfully tackled, hardship to the weaker elements mitigated and an excessive rise in prices avoided.

System of Public Distribution:— 5.6. Further, Government will have to undertake the responsibility of maintaining a public distribution system, so as to meet at least a part of the consumer demand at reasonable prices. The system of public distribution can function only if the necessary supplies for maintaining it are acquired by Government. The ability of such a system to achieve the objectives of equitable distribution and holding the price line depends on the volume of the supplies that it handles. The larger the supplies acquired by Government and distributed through the public distribution system, the greater will be its impact on the foodgrains prices.

Procurement:— 5.7. Thus, a crucial element of food policy is that Government should acquire command over the requisite supply for gaining a position of strength in the foodgrains market. Unless Government is in a position to provide a countervailing force to the speculative activities in the foodgrains market, attempts to regulate consumer prices will not succeed.

Buffer Stock:— 5.8. The stock acquired by Government will have to be deployed so as to maintain not only intra-seasonal but also inter-seasonal stability. It is clear that a part of the stocks will have to be used for increasing the availability during the lean months of the season, when prices generally tend to increase excessively. But in addition to this operation of exerting a stabilising influence on prices during lean periods, it is necessary to build adequate reserve stocks which will soften the impact of shortage in years of shortfall in production. For this purpose, it is essential to acquire stocks in excess of current commitments of distribution. Possession of adequate buffer or reserve stocks alone can impart the necessary degree of stability from one season to another.

Regulation of Private Trade:— 5.9. Thus, in order to achieve the basic objectives of food policy, it is necessary for Government increasingly to acquire a large share of the foodgrains produced in the country. It is in the light of this requirement that systems of procurement and regulations affecting private trade have to be formulated and appraised. Government, it is obvious, has to strengthen its own machinery for the procurement, transport and distribution of foodgrains in surplus as well as deficit areas. It would be only natural in this context to expect of a public agency like the Food Corporation of India to play an increasingly important role in the implementation of the National Food Policy.

SECTION VI

NATIONAL FOOD BUDGET

General:— 6.1. In the planning and managing of available food supplies is implicit the idea of a National Food Budget. The conception is not of course new. It has been expounded more than once. It has even been put forward and accepted as part of food policy as recently as last year by the Government of India. There are undoubtedly difficulties in the way of its implementation, but we do not believe they are insuperable. At any rate they are not more insuperable than the obstacles in the way of a national food policy. Yet such a policy is essential and we must assume it to be not unworkable. As instrument of a national food policy we consider the National Food Budget both necessary and practicable.

Principle of National Sharing:— 6.2. The National Food Budget will obviously take into account the availability of foodgrains in the country as a whole. The allocations it makes as between different States will be on the principle of sharing on a nation-wide basis. The constituent States have a very vital role to play in the formulation and implementation of the National Food Budget, for to each State belongs the immediate responsibility of feeding its people. It follows that States have an important voice in the formulation of the National Food Budget. Nevertheless, an all India responsibility is clearly attracted in assessing and distributing surpluses from State to State. We elsewhere envisage the vesting in the Government of India of the monopoly of inter-State movement of foodgrains. This is in the interests both of maximum procurement within each State and the most equitable distribution as between State and State. All this makes it essential that there should be collaboration between Centre and the States in the formulation, adoption and execution of the National Food Budget.

Objective and Realistic Assessment of Surpluses and Deficits:— 6.3. In the light of these considerations, one of the basic tasks underlying the National Food Budget will obiously be that of assessing the surpluses and deficits of each State on as scientific and realistic a basis as possible. Further, a certain degree of discipline and self-regulation is implicit in the concept of the Budget itself. The principle of sharing the available supplies on a national basis has to be accepted wholeheartedly by all, and especially by the States surplus in foodgrains. The deficit States too have

an obligation, namely that of making the most of their own resources before making demands on the Central Pool of food resources. It is, therefore, incumbent on each State, if it is surplus, that it does not underestimate its surplus and, if it is deficit, that it does not over-estimate its deficit. Moreover, all States will have to agree to adhere strictly to the obligations and discipline involved in the policy of formulating the National Food Budget. Only then will it become possible to bring about an equitable distribution of foodgrains.

Basic Considerations in Preparing the National Food Budget:— 6.4. We have referred to difficulties. One of the more difficult tasks connected with the National Food Budget is that of determining the surpluses of the surplus States and the quantities that may be made available to the deficit States. Traditionally, consumption patterns vary considerably from State to State both cereal-wise and quantity-wise. As a rule, the poorer the State the more the proportion of cereals in the food eaten, and hence usually the larger the per capita availability of cereals in that State. The relevant percentages make interesting reading. During the period 1961 to 1963, the per capita per day availability of cereals* was 17·6 ozs. both in Madhya Pradesh and Orissa, while it ranged between 11·3 and 14·9 ozs. in Andhra Pradesh, Assam, Bihar, Gujarat, Madras, Maharashtra, Mysore and Uttar Pradesh. In Kerala, the cereals intake was as low as 9·2 ozs. (Appendix III—Table 10). These figures, of course, do not take into account foodstuffs other than cereals, e.g. tapioca in Kerala and pulses in Bihar and elsewhere.

6.5 It will not be appropriate, nor indeed equitable, to attempt to achieve rigid equality in the consumption of cereals all over the country. So long as differences in dietary habits and economic development amongst different States persist, the National Food Budget has necessarily to be related to the traditional patterns and levels of cereals consumption in different regions. These will be patterns and levels that could be assumed to have existed during a 'normal' period. The traditional or normal inflows and outflows of cereals between different States will also have to be kept in view. Moreover the aim of the National Food Budget will be not only to ensure equitable distribution of foodgrains but also to reduce as much as possible, the price disparities between deficit and surplus States. From this point of view, the prevalence of relatively low prices in a surplus area may even indicate the existence of a transferable surplus.

6.6. Thus, for preparing the National Food Budget, the important factors that should be kept in view are 'normal' consumption patterns in different

* While calculating per capita availability, inter-State movement by rail and river only has been accounted for. Movement by road has not been included as data on such movement are not available.

States, traditional inter-State inflows and outflows of different foodgrains, prevailing prices of foodgrains, and the prospect of foodgrains production in different States for the year to which the Budget relates. The first two factors will have to be related to a 'normal' period, which should be as recent as possible. We are of the view that consumption patterns and inter-State trade in foodgrains during the period 1961 to 1963 can be taken as a working basis for preparing the Budget. There should not normally be any difficulty in collecting information on prices, including retail prices, of foodgrains, both in urban and rural areas. But there is likely to be some difficulty in respect of information on production. This is due to the fact that the production estimates based on crop cutting surveys are available only after the procurement season is well advanced, while the National Food Budget has to be ready at the beginning of the season. This is a genuine difficulty, but we do not think that it is insurmountable. Though it may not be possible to finalise the National Food Budget right at the commencement of the procurement season, it should be possible to draw up a tentative Budget in the light of the available information regarding crop prospects at the beginning of the season. The Budget should then be reviewed, say every month, in the light of the new information regarding the crop position. As the main purpose of preparing the National Food Budget at the beginning of the procurement season is to facilitate procurement operations, we feel that it would be an advantage if certain 'basic quotas' of procurement for movement outside the State are fixed for the surplus States, such quotas being related to the net outflows from these States during the period 1961 to 1963. These 'basic quotas' which may be fixed say at 75 per cent of the average net outflow during the period 1961 to 1963, should be revised from time to time in the light of crop conditions. Ultimately, when the full information is available, the National Food Budget will have to be finalised in the light, among other things, of the principle of national sharing.

National Food Budget for all Foodgrains Subject to Movement Regulation:— 6.7. The National Food Budget will have to be prepared for rice, wheat and coarse grains, i.e., jowar, bajra, and maize in respect of all the States. If there are restrictions on inter-State movement of any other foodgrain, its surpluses and deficits will also have to be assessed so as to form a part of the Budget. Conversely, there should be no restrictions on the inter-State movement of foodgrains, it is necessary to devise a machinery Food Budget.

National Food Council:— 6.8. As the preparation of the National Food Budget and strict adherence to its discipline by all the States are of vital importance for the smooth working of the system of State monopoly of inter-State movement of foodgrains, it is necessary to devise a machinery which will ensure that all concerned will participate to the fullest extent

in the preparation and implementation of the Budget. We, therefore, recommend that a National Food Council should be set up and be responsible for formulating, reviewing, revising and implementing the National Food Budget. The National Food Council will be presided over by the Prime Minister and be composed of all the Chief Ministers, the Union Food Minister and the Union Planning Minister. The National Food Council will have a Standing Committee. This will be presided over by the Prime Minister and be composed of four Chief Ministers (drawn from both surplus and deficit States), the Union Food Minister and the Union Planning Minister. The Standing Committee will meet as often as necessary for reviewing and modifying the National Food Budget in the light of the latest available information on production, prices etc. The Standing Committee will exercise all the powers of the National Food Council in taking decisions regarding the formulation, review, finalisation and implementation of the National Food Budget.

Regional or Zonal Councils:— 6.9. The National Food Council may also constitute either Regional Councils (territory-wise) or Zonal Councils (commodity-wise) for keeping under constant review the progress of the implementation of the National Food Budget in respect of different regions and commodities. For example, a Regional Council consisting of the Chief Ministers of Andhra Pradesh, Madras, Mysore and Kerala can be entrusted with the implementation of the National Food Budget in respect of these four States in the South. Similar Regional Councils for the Western Eastern and Northern Regions may also be constituted, if considered necessary.

Central Food Committee:— 6.10. There should also be a Central Food Committee, presided over by the Union Food Secretary and composed of the Union Agriculture Secretary, the Food Secretaries of all the States, the Chairman of the Agricultural Prices Commission, the Chairman of the Food Corporation of India and six non-official members. It will be the function of the Central Food Committee to prepare proposals for the National Food Budget for consideration and approval by the Standing Committee of the National Food Council. As it will not be possible for the Central Food Committee to meet very often, it should appoint a Standing Sub-Committee presided over by the Union Food Secretary, and composed of four State Food Secretaries (drawn from both surplus and deficit States) and the Chairman of the Agricultural Prices Commission. The Standing Sub-Committee will meet as often as necessary and will function on behalf of the Central Food Committee for preparing the proposals for the National Food Budget for approval by the Standing Committee of the National Food Council.

Technical Cell to Assist the Central Food Committee:— 6.11. It is important that adequate technical data should be provided to the Central

Food Committee to enable it to draw up the proposals for the National Food Budget. We recommend that a Technical Cell should be set up in the Ministry of Food and Agriculture for this purpose. This Technical Cell should consist of an economist, a statistician and an agronomist and be provided with an adequate complementary staff. The Cell will analyse all the relevant data and prepare basic working papers for helping the Central Food Committee in the formulation of the National Food Budget. Part of the data needed by the Cell is usually available with the Central and State Governments. This includes information on production prospects, progress of procurement, quantities released through the public distribution system and stocks held by Government. It is necessary to ensure that the Governments concerned make the data available both promptly and regularly to the Technical Cell. We expect that in the course of years the Cell would be able to conduct and publish the results of systematic agronomic, statistical, economic, and other studies which will progressively place the National Food Budget on a more firm and objective basis.

Strict Adherence to the Obligations under the National Food Budget Essential:— 6.12. We hope that, with the setting up of the institutional framework suggested above, not only will the task of preparing the National Food Budget be rendered as scientific and objective as possible, but also there will be created a climate in which the concerned States will participate in a common endeavour and subscribe to a common discipline. Unless the principle of national sharing which is implicit in the concept of the National Food Budget is accepted and implemented by all the States wholeheartedly, the dependence on imports may increase. But as we have pointed out, imports are not likely to be available as easily and on as large a scale as at present. In this situation, unless the principle of national sharing is implemented, the Central Government may be left with no option but to reduce its commitments to the deficit States. This in turn may lead to a further rise in prices. In effect, both the objectives of policy—*viz.* equitable distribution and reasonable prices—will have been given up. Hence, strict adherence to the obligations under the National Food Budget by all the States is essential. The surplus States should consider themselves, and not the Central Government, primarily responsible for meeting all commitments made in regard to the supply of foodgrains to deficit States.

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SECTION VII

PUBLIC DISTRIBUTION

System of Public Distribution: Important Instrument for Achieving the Objectives of Food Policy:— In one of its most important aspects, the National Food Budget can only be implemented through a system of public distribution. That aspect is the equitable sharing of available food supplies by all sections and regions. It is also through such a system that consumer prices can be held at a reasonable level. The ability of the public distribution system to discharge these tasks would depend on the volume of supplies handled by it, as also the extent of its area of operation.

Strengthening of the Existing Network Necessary:— 7.2. Government has established a fairly wide net work of fair price shops and ration shops all over the country. (App: III—Table 7). The extension of the public distribution system has been rapid during the past three years as will be clear from the following table:

Year	Number of Fair Price shops	Issues of foodgrains through fair price shops, ration shops, retailers etc.		
		Rice	Wheat	Total
		(Thousand tonnes)		
1957	37,591	796	1,999	2,819
1960	50,910	1,203	3,382	4,643
1961	47,818	950	2,725	3,719
1962	50,523	1,134	2,932	4,076
1963	60,123	1,361	3,482	4,844
1964	102,193	1,859	6,496	8,376
1965	110,283	3,586	5,710	9,833
1966 (upto July)	113,815	N.A.	N.A.	N.A.

N.B—(These figures do not include quantities of wheat supplied by Government to the Roller Flour Mills.

7.3. Thus an institutional frame-work of considerable strategic significance has been built up. This we consider to be a very important step in the overall strategy of food policy. We recommend that the system of public distribution of foodgrains should not only be maintained but also strengthened in future.

Statutory and Informal Rationing:— 7.4. The present public distribution system is either in the form of ration shops in the statutorily rationed areas or of fair price shops in the informally rationed areas. The distinction between statutory rationing and informal rationing is that in the statutorily rationed areas the open market is legally debarred from functioning and Government undertakes the responsibility of supplying specific rationed quantities to consumers; on the other hand, in the informally rationed areas, the open market can legitimately function, and Government for its part meet a part of the requirements of consumers in the form of cereals supplied at fair price shops. The objectives of the two systems also differ. Statutory rationing aims at isolating the areas of high purchasing power so as to reduce the pressure on supplies and prices elsewhere. The system of fair price shops has for its object the supply of a part of the needs of consumers at reasonable prices.

Extension of Statutory Rationing Dependent on Adequate Supplies:— 7.5. It is clear that the commitment of Government under statutory rationing is much more specific and firm than that under a system of fair price shops. The latter system is flexible inasmuch as there exists an open market from where consumers can satisfy a part of their requirements. In view of the rigid commitment under the statutory rationing system, the extent of its introduction is dependent on the regular availability of adequate supplies of foodgrains with Government. Already, Government has taken a decision to introduce statutory rationing in urban areas having a population of more than one million and in other areas with a heavy concentration of industrial labour. Accordingly, statutory rationing has been introduced in Delhi, Kanpur, Calcutta, Asansol and Durgapur Complex, Siliguri Complex, Madras, Coimbatore, Hyderabad, Secunderabad, Visakhapatnam, Poona, Bombay, Sholapur and Nagpur. The total population thus covered by statutory rationing is 25 million. The total requirement of foodgrains of these statutorily rationed areas is estimated at 2·6 million tonnes per annum. However, two cities *viz.*, Ahmedabad and Bangalore, each having a population of more than one million, have not been brought under statutory rationing so far. The population of these two cities is estimated to be 3·2 million. The additional requirement of foodgrains, if these two cities are brought under statutory rationing, would be about 0·34 million tonnes. The total commitment of Government would in that case increase to 2·9 million tonnes or say 3 million tonnes. We consider that, in line with the policy decision already taken, statutory rationing should be extended to Ahmedabad and Bangalore.

7.6. The question of introducing statutory rationing in other urban areas, *i.e.*, those having a population of less than one million but more than one lakh, has to be considered very carefully. It is true that if these areas are also effectively cordoned off, the impact of urban demand on prices will be reduced. But the effective sealing off of the urban areas which are

situated in the heart of foodgrains producing regions presents a very difficult administrative problem. However, even if we ignore this aspect, the distribution commitment would increase to 4·9 million tonnes if urban areas of more than one lakh population are brought under statutory rationing. If the commitment to supply foodgrains to Kerala under the existing informal rationing arrangement is also taken into account, the total distribution requirement would increase to about 6·4 million tonnes. Though, in theory, the extension of statutory rationing to all the urban areas may increase the ability of Government to regulate consumption and stabilise prices, in actual practice, the extension would depend on the requisite supplies being available with Government. It is not only the adequacy of supplies of cereals in the aggregate, but also the adequacy of supplies of individual cereals, *e.g.*, rice, which will have to be taken into consideration while taking a decision regarding the extension of statutory rationing. Moreover, by undertaking a rigid commitment of such a high order, Government would find it extremely difficult to build up the buffer stock to which we refer in the next Section.

Need to cover Rural Areas by Fair Price Shops:— 7.7. Another important consideration in taking a decision about the extension of statutory rationing in urban areas, is the need for making adequate arrangements for public distribution in other areas, and especially in rural areas. It is clear that when supplies of foodgrains with Government are limited, the requirements of statutorily rationed areas compete with those of the non-statutorily rationed areas. If the supplies of foodgrains with the Government remained constant, an extension of statutory rationing to urban areas may involve reduction in the distribution through fair price shops in other areas. We do not think that such a development would be desirable. Even at present, fair price shops do not serve rural areas as adequately as they serve urban areas. The precise data about the urban—rural break up of the quantities distributed through fair price shops were not readily available even with State Governments. However, on the basis of the information supplied to us by some State Governments, there seems little doubt that the population in rural areas is not adequately covered by fair price shops. For example, we were told that only 25 per cent of the total quantities distributed in Punjab was in the rural areas, while the corresponding percentage for Gujarat was 40. In Rajasthan, 50 per cent of the quantities distributed was for the rural areas. In view of the fact that a large segment of the rural population consists of non-producers and also that the proportion of the needier section is much greater there, the scale of distribution is clearly on the low side for rural areas. Though we have not been able to obtain adequate information on this point for other States, our impression is that the picture is much the same almost everywhere in the country. We would urge the need, first, for the further

extension of fair price shops to rural areas and, second, for the systematisation of distribution so that the landless and the near-landless in those areas are protected.

Dependence of the System of Public Distribution on Imports should be Reduced:— 7.8. We would also draw attention to another unsatisfactory aspect of public distribution. Though the system of fair price shops and ration shops has been extended fairly widely throughout the country, its primary dependence is on imports and not on supplies procured from within the country. Thus, imports were 72 per cent and 74 per cent respectively of the total quantities distributed during 1964 and 1965. It is needless to emphasise that this is unsatisfactory; especially so because of the dwindling prospects of imports. The quantity of imported wheat distributed through fair price and ration shops was 4·9 million tonnes in 1965 as against an estimated marketable surplus of 4·5 million tonnes of indigenous wheat. In view of this situation, we feel that urgent steps have to be taken to reduce the dependence of the public distribution system on supplies from abroad. One such measure is to bring the prices of imported foodgrains in line with those of the indigenous foodgrains. Our recommendations in this regard are contained in Section XII. It is also necessary to ensure that we do not encourage the consumption of imported wheat in rural areas where millets have been the traditional staple food. If any imported foodgrain has to be distributed by Government in rural areas, this should preferably be milo, which is comparable to millets, and not wheat. This would facilitate the change over to the distribution of indigenous coarse grains later, when procurement of these grains is adequately stepped up.

SECTION VIII

BUFFER STOCK

Buffer Stock for Inter-Seasonal Stabilisation:— 8.1. The ability of Government to exert a stabilising influence in the foodgrains market is directly dependent on the supplies that it commands. Part of the supplies acquired by Government have to be used for distribution in the lean months of the year; such an operation helps in exercising a stabilising influence on the intra-seasonal movement of prices, but does not increase the ability of Government to reduce the adverse impact on availability, and consequently on prices, of a decline in production in any particular season. To achieve this objective, Government should have an adequate buffer stock, which can be released to increase the availability during a really bad season, *e.g.*, one in which there is acute scarcity. Thus, the creation of a reasonably adequate buffer stock is of vital importance for evening out fluctuations in availability, and consequently in prices, from one season to another. Moreover, the strength of Government in the foodgrains market would increase considerably if it commands an adequate buffer stock.

Buffer Stock of Not Less than Four Million Tonnes Should be Built During the Next Three to Four Years:— 8.2. Keeping these considerations in view, we recommend that immediate steps should be taken to build a buffer stock of foodgrains of not less than four million tonnes during the next three to four years. This buffer stock should be with the Central Government. Any stock held by State Governments would be in addition to the buffer stock of four million tonnes held by the Central Government. The purpose of this buffer stock is to even out fluctuations in availability from one season to another and, therefore, its management should be carefully distinguished from the purchase and sale operations during any one season.

Building up Buffer Stock, not Easy, but Crucial:— 8.3. We are aware that the building up of a buffer stock of this order in a situation of shortage is not easy. It is nevertheless of such crucial importance that we venture to suggest its being given the highest priority in the formulation of the National Food Budget. The process might be difficult, but it seems essential to us that the Central Government should put aside at least one million tonnes of foodgrains every year during the next three to four years, unless the year is very bad.

8.4. It will of course be very difficult to build up the entire stock of four million tonnes exclusively out of internal procurement within the time

limit we have indicated. To the extent therefore, that imports continue to materialise, we recommend the earmarking of a sizeable part of them each year for the creation of the buffer stock. In so far as rice and coarse grains are concerned, a substantial part of the stocks will have to be built out of internal procurement inasmuch as import possibilities for them are much more limited. Hence, the programme of procurement should be drawn up in such a way that the Central Government is able to acquire quantities that are in excess of its current commitments.

8.5. Further, it is necessary to undertake a special procurement drive in the intensive production programme areas where Government proposes to supply new resources like fertilisers, irrigation and high yielding varieties of seed. The quantities procured in these areas out of higher production should constitute an increasingly important source for building the buffer stock.

Buffer Stock Should be Drawn on Only with Cabinet Approval:— 8.6. The temptation to draw on the buffer stock for current consumption is likely to be great. The role of the buffer stock, as we visualise it, is to enable the Central Government to be able to mitigate the adverse impact on availability of a shortfall in production, as also to alleviate distress in conditions of real scarcity. Neither of these contingencies should occur with any frequency. In order that the buffer stock is not used for purposes other than those intended and, in the process frittered away, we recommend that the decision to draw on it for current consumption (as distinct from its rotation) should be taken only at the highest level, *i.e.*, by the Cabinet of the Central Ministers.

Food Corporation of India Should Manage the Buffer Stock:— 8.7 The management of the buffer stock including its storage and rotation, should be entrusted to the Food Corporation of India. We refer to this in greater detail in Section XI.

SECTION IX

PROCUREMENT

General:— 9.1. What we have suggested about food policy as a whole applies in particular to procurement. There can be no such thing as easy procurement. Not at any rate in the particular combination of circumstances in which we find ourselves: of receding imports, inadequate production and increasing demand. Procurement, in this contingency, becomes the only leg we can stand upon. To fail in procurement is to fail all along the line of policy objectives. This applies to deficit States no less than to surplus; each must procure as much as possible so that the former may draw the least and the latter add the most in terms of the common pool. The need to procure is inflexible. Not so, the method of procurement. This may vary from State to State, so long, however, as it ensures the requisite procurement in each particular State. And there is no painless way of bringing about such procurement.

Acquisition of Needed Supplies by Open Market Purchases not possible:— 9.2. One way that is often suggested as fraught with the least pain is buying in the open market. These are to be made by Government either directly or through agents. Such a system will, no doubt, involve very little disturbance to the working of the market economy. What is overlooked, however, is that prices will unduly rise. When Government enters the foodgrains market as a buyer in competition with private traders, the latter will push the prices up in order to command sufficient stocks so that they can continue to remain in business. Moreover, it has to be remembered that purchase operations by a single large buyer tend to raise prices much more than by a large number of small buyers. Government's purchase prices are likely to turn out to be so high that neither the objective of holding the price line, nor that of equitable distribution to all, including the low income groups, can be expected to be achieved. It would be a different matter of course if the country is prepared to bear the crippling burden of a very large consumer subsidy. We do not recommend it. In other words, we rule out purchase at freely competitive prices as a method by which Government might acquire the requisite stocks either as buffer or for distribution. But we must add that purchase of this kind, *viz.*, one which is wholly competitive, must be distinguished from a system of pre-emption (which is only partly competitive) as in Punjab, as well as from systems of procurement (which involve elements of restriction and compulsion) in different States. We see no way by which the State can obtain the necessary supplies—consistent with price objectives and financial requirements—without the imposition of restrictions on private trade, especially inter-State trade.

9.3. In the following paragraphs we consider methods of procurement and make recommendations on procurement policy.

Variations in Systems of Procurement:— 9.4. The systems of procurement that obtain today are very many. They vary for different foodgrains. They also vary from State to State. The main systems are: (i) levy on the producer, (ii) levy on the miller and/or trader and (iii) purchase by exercise of the right of pre-emption. Moreover, several States, both surplus and deficit, such as Maharashtra, West Bengal, Madhya Pradesh, Orissa and Assam, have adopted a system of monopoly purchase. There are significant differences in the systems themselves. For example, while in Maharashtra, West Bengal and Madhya Pradesh there is a compulsory producer levy along with monopoly purchase, in Orissa and Assam there is no compulsory levy on the producer. Again, while in Maharashtra, Madhya Pradesh and Assam, the State Governments have appointed cooperative societies as agents of monopoly procurement, in West Bengal and Orissa, millers and traders have also been appointed as agents for procurement on behalf of the State Governments.

9.5. The variations in the systems of procurement that have developed in different States owe their existence to a number of factors, including regional differences in marketing practices as well as differences in the past experiences of procurement. The purchase by exercise of the right of pre-emption, which has been tried with considerable success in Punjab, will not be possible in areas where regulated markets do not exist. In Punjab, private traders bid in open auctions in regulated markets. The State Government does not take part in the bidding, but reserves for itself the right of purchasing any stock at the highest bid price. Differences in the systems of procurement are also due to variations in the marketing and processing of different foodgrains. For example, all paddy has to be processed into rice before it is consumed. Rice mills, therefore, are a convenient point at which to procure. State Governments have not been slow to avail themselves of this fact. It is obvious that procurement at a mill or corresponding anything from elsewhere. That it is engaged in industry or is growing Again, administrations in different States have experimented with different systems of procurement and are on the whole prone to favour systems with which they happen to be relatively familiar.

Flexibility in Procurement Methods Inevitable:— 9.6. Against this background, we consider that a uniform system of procurement for the whole country is not feasible. What is important is to ensure that each State, whether surplus or deficit, undertakes a procurement effort commensurate with its obligations under the National Food Budget. While a certain degree of flexibility regarding the details of the procurement systems in different States and for different foodgrains. Some States may adopt a higher rate in any way detract from the State Government's capacity to honour its

obligations under the National Food Budget. In other words, a flexible approach regarding the details of the procurement system would be permissible, provided:—

(i) In the case of surplus States, targets of procurements as determined in the National Food Budget are fulfilled; and

(ii) in the case of deficit States, their requirements from the Central supplies are not increased beyond those allocated under the National Food Budget.

Minimum Graded Levy on the Producer as a Part of the National Food Policy:— 9.7. It is necessary that there should be a realization throughout the country that procurement is an essential feature of Food Policy. It is also necessary that in the long run, systems should be developed which, while suitable to each State, ensure that as much as feasible is procured from all States. Whatever the other aspects of such systems—and these may vary from State to State—one common feature for all States seems to us both necessary and desirable: a direct levy, however, small, on the producer. This would not only be potentially important—some States may make it the main plank of their procurement—but would emphasize the all-India nature of the effort needed to augment the supplies at the disposal of either the State Governments or the Central Pool. We recommend that, as an important part of the national food policy, each State—surplus or deficit—should introduce a minimum graded levy on the producer in respect of all the major foodgrains. Such a graded levy should exempt very small producers holding less than a certain agreed acreage. To start with, as we have explained, the levy on the producer will be a minimum effort that would be accepted by all the States in pursuance of the national policy. The producer levy by itself would not, of course, enable all State Governments to acquire the entirety of the requisite supplies. It would have to be supplemented. The supplementary procurement systems will vary in different States and for different foodgrains is inevitable, such flexibility should not of levy on the producers. Other States may supplement the basic producer levy by other methods of procurement, *e.g.*, levy on the miller or the trader, purchase by exercising the right of pre-emption, etc.

Procurement in Both Surplus and Deficit States:— 9.8. Procurement is necessary in deficit States also. There are various reasons for this. First, the deficit State cannot expect that a surplus State will do for it what it refuses to do for itself. It must mobilise its resources of food before receiving anything from elsewhere. That it is engaged in industry or is growing crops which earn foreign exchange may be valid enough contexts in a free economy; for with the money earned it can buy food from elsewhere. But they are not good enough reasons, in a period of food control, to impose on the transferor States a discipline not practised by the transferee State. Second, procurement is clearly to the advantage of the deficit State in so

far as it strengthens its system of public distribution, a system which is even more important to it than to surplus States. Third, that the State is not only deficit but has mostly either small farmers or those engaged in industry, etc. is not a convincing reason for rejecting procurement altogether. Obviously, there are surplus producers and even surplus districts in deficit States as well. It surely cannot be suggested that they should be exempted merely because they are located in a deficit State.

Link between Procurement and Production Programmes:— 9.9. We are of the view that a close link should be established between procurement and State-sponsored or State—aided programmes of production. During the Fourth Five Year Plan, intensive agricultural production will be undertaken in most States. The programmes are made possible by the Centre undertaking to promote the necessary inputs, besides assisting in other ways. The Central Pool, in our view, should be regarded as having a special claim on the resulting increase in foodgrains. We suggest that special efforts to procure the additional production should be made in such cases. For this purpose, there should be specific agreements between the Centre and the State that, in lieu of the resources given by the Centre for the intensive production programmes, certain agreed quantities of foodgrains will be given by the State to the Centre. Such quantities will be in addition to the normal quantities specified in the National Food Budget. For the acquisition of these additional quantities, specific provision might be made in agreements entered into between the State authorities and the farmers. The agreements could be entered into by those agencies, *e.g.* cooperative societies, which supply fertilizer or seed on the one hand or provide credit for the same purpose on the other hand. Out of the foodgrains thus procured, the cooperative societies will hand over the quantities agreed upon to the Central Government or its agent, *e.g.*, the Food Corporation of India. We believe that such arrangements on a country-wide scale will not only help mop-up the surplus arising out of the increased production of foodgrains, but also increase the ability of the Centre to dispense with imports and build a buffer stock.

Adequate Finance for Procurement Operations:— 9.10. During our discussions with the State Governments, we were told that inadequacy of finance often proves a bottleneck in intensifying procurement operations. In view of the paramount need to acquire as large a supply of foodgrains as possible, so as to achieve the objectives of equitable distribution and stability in prices, it is necessary that the first priority for finance or credit should be given to procurement operations. Neither inadequacy of finance nor delay in its sanction should be allowed to come in the way. As for credit, we trust that banking institutions, and especially those in the public sector such as the State Bank of India, will be able to meet all reasonable demands. If there is hesitation or inability on their part, the question needs to be taken up immediately at the highest levels in the Food and Finance Ministries so

that an appropriate solution may be found without delay. Further, the resources available with the Food Corporation of India should also be utilised to the utmost extent for financing procurement operations. Wherever the Food Corporation is acting as a procurement agent, its resources would automatically be available for procurement. Elsewhere, when other public agencies like the cooperative societies are functioning as procurement agents, arrangements should be worked out whereby the resources of the Food Corporation could be made available within agreed limits to the cooperative societies for procurement.

Adequacy of Storage Facilities:— 9.11. Adequacy of storage facilities is another important requirement for procurement, as well as for building buffer stocks. At present, storage accommodation is available with a number of agencies, *viz.*, the Food Department in the Ministry of Food and Agriculture, the Central and State Warehousing Corporations, the Food Corporation of India as well as cooperative societies in different parts of the country. The storage capacity available with the Department of Food is about 18·30 lakh tonnes, of which 5·73 lakh tonnes have been transferred to the Food Corporation of India. The capacity available with the Central Warehousing Corporation in different parts of the country amounts to 3·02 lakh tonnes, whereas that under the State Warehousing Corporations is of the order of 5·60 lakh tonnes. The cooperative societies in different parts of the country have a storage capacity of 19.32 lakh tonnes. While the capacity available with the Department of Food as also the Food Corporation of India is utilised largely for storage of foodgrains—imported and internally procured—the storage facilities available with the Central and State Warehousing Corporations as well as with the cooperative societies are utilised not only for foodgrains but also for a number of other commodities, such as cotton, jute, groundnut and sugarcane, besides inputs like fertilizers.

9.12. It is clear that much larger storage than at present will be required in the course of implementation of food policy. Some of it will be needed for the buffer stock which, as envisaged by us, will be not less than 4 million tonnes at the end of the Fourth Five Year Plan. Moreover, intensified procurement will itself imply the need for larger storage. It is clear that, if the leeway is to be made up, all the agencies we have referred to in the previous paragraph should start at once on large construction programmes. It would be false economy to curtail or delay these programmes. Some of the storage capacity will have to be in the form of silos so that long-term storage, together with the rotation of stock it entails, is facilitated. This will be particularly relevent for the buffer stock. A coordinated approach is necessary so that there is no duplication of effort or wastage of material by different agencies.

SECTION X

INTER-STATE MOVEMENT

Role of the Private Trade:— 10.1. It would be convenient to indicate here briefly the respective roles we envisage for private trade and Government in the obtaining and distribution of food supplies. The roles are strictly related to the food situation as it is likely to be over the next five to ten years. In that context, our view is purely pragmatic and does not stem from wider ideological or political objectives, such as the socialisation of trade. Rather, the one consideration which seems to us overriding is an extremely practical one. It is this. If at a time when food is markedly in short supply, Government is to assume responsibilities for its being shared equitably at reasonable prices, it can do so only by being in command of adequately large stocks and an adequate organisation for the distribution of those stocks. There is no escape from this position. If the stocks are not there, they must be procured. If the organisation does not exist, it should be built up; and once built up, it should not, as in the past, be dismantled in a hurry and then re-assembled equally in a hurry. But, in the total set-up, Government is only a part, though a major part. This applies to both supplies and organisation. Even in States that have adopted the system of monopoly purchase, the monopoly operates only above a particular level, and certain purchases and sales, e.g., at the village level, are wholly excluded. Under other systems, e.g., the Punjab one of auction and pre-emptive purchase, Government is only one of the buyers. And in all States of course it is only one of the distributors, though in most States, by compulsion of circumstances, the major distributor at the wholesale level. In both tasks, procurement of supplies and their distribution, Government is assisted by organisation either directly under it such as Civil Supplies or closely affiliated to it such as co-operatives. But since all these together cover only a portion, even if sometimes the major portion, of the total operations, private trade continues to be an important part of the internal set-up of each State. This is especially so at the retail stage of distribution. We envisage private trade as continuing to play an important role both in its own right and, very often, as one of the agents of Government within each State.

10.2. What is internal to each State, however, cannot be applied to inter-State transactions. For each State, as we conceive the situation, must continue to be the unit of food management, just as it continues to be the unit for legislation and administration. And while food management by the State Government can co-exist with the operations of private trade

in its allotted sphere within the State, the same cannot be said of inter-State operations. These, we consider, must be the sole concern of Government and Governmental agencies working within the framework of the National Food Budget.

Rationale of Control of Inter-State Trade in Foodgrains:— 10.3. There is more than one reason why Government should be in charge of the inter-State trade in foodgrains. First, this is necessary for ensuring equitable distribution to different States; trade, if untrammelled, would tend to move the surpluses of one State to points of highest purchasing power in another and not to those of greatest need. Second, it would enable Government to keep prices at levels, which are reasonable for both consumer and producer; private trade, by catering for the well-to-do consumer, would be in a position to push up prices, if allowed to compete with Government. Third, if the trade is allowed to purchase within the State and sell outside it on its own account, it would not be possible to ensure maximum procurement by Government and Government agencies.

Isolation of Surplus States/Areas Maximises Procurement:— 10.4. This last point, viz., the effect on procurement, is important and may be elaborated. Past experience confirms that procurement is facilitated when the surplus State or area is segregated for the time being from outside demand, except where the demand is channelled through and controlled by Government. We may cite as example, the years 1964-65 and 1965-66. During this period, the inter-State movement of important foodgrains became the monopoly of Government. As a result, procurement by Central and State Governments has increased appreciably over that in the preceding seasons. This will be clear from the following table:

Procurement of Rice

(Thousand tonnes)

Crop year (November to October)	On Central Government account RICE	On State Government account RICE (including paddy in terms of rice)	Total
1960-61	323	230	553
1961-62	300	182	482
1962-63	464	209	673
1963-64	621	395	1,016
1964-65	1,562	1,337	2,899
1965-66 (November to July)	692	2,201	2,893

10.5. It is of significance that during the 1965-66 season, in spite of a reduction of 17 million tonnes in foodgrains production caused by draught, procurement of rice has been higher until now than during the corresponding period in 1964-65. It is the acquisition of larger supplies during these two years, together with much larger imports than at any time in the past, that has enabled Government to extend the operations of the public distribution system at a time when, but for such extension, there would have been very considerable distress. The quantities thus distributed during 1964, 1965 and 1966 have been much higher than in the preceding years. The issues of cereals through the public distribution system amounted to 5·2 million tonnes in 1963, which increased to 8·7 million tonnes in 1964 and 10·1 million tonnes in 1965. The information on issues through the public distribution system is not yet available for 1966, but it is expected to be higher than in the preceding years.

10.6. The stocks with the Central and State Governments at the end of July, 1966 were estimated at 3.8 million tonnes, the highest on record so far. Imported foodgrains accounted for nearly half of these stocks. Also, stocks with State Governments were twice those with the Central Government. Not impressive in themselves, even stocks of this order could not have been procured but for the restrictions imposed on private trade in the sphere of inter-State movement of foodgrains.

Alternative Methods of Acquiring Foodgrains: Taking over the Rice Mills:—

10.7. While agreeing that Government should acquire stocks and should do so in as big a way as possible so as to influence prices and distribution from a position of strength, some of those who have given us their views urge the adoption of alternatives other than the assumption of inter-State trading by Government. One suggestion is that Government should take over the rice mills and permit them to work only as its agents. We do not think that the taking over of the rice mills can be regarded as a substitute for State monopoly of inter-State movement. In fact, once the rice mills are taken over by Government and made to function as its agents, Government automatically acquires the control over all milled rice. This alternative, therefore implies that the inter-State trade in milled rice will have to be the responsibility of the Government or its agents. It may be suggested that these agents should be the private trade. We do not see any particular advantage in acquiring milled rice in the first instance and then allowing it to be moved from one State to another by private traders. In that case, the strategic advantage acquired by the taking over of the rice mills would be lost inasmuch as rice will not be made available to the consumer through the public distribution system.

Free Inter-State Movement Coupled with a Producer Levy:— 10.8. Another alternative that has been suggested to us is that of leaving the inter-State trade free while at the same time acquiring through a levy on

the producer the foodgrains required for meeting the needs of the low income groups. It must be noted in this connection that a very large number of people resort to the public distribution system for meeting their requirements in a situation of shortage such as the present. The quantities that would have to be acquired through the levy would therefore have to be very large. A levy of this order, in our view, necessitates the imposition not only of inter-State, but also of intra-State, restrictions on movement. It seems to us, fallacious to imagine that it would be possible for Government to acquire the quantities needed for maintaining the public distribution system on a scale adequate for meeting the needs of the low income groups and at the same time to entrust the inter-State trade in foodgrains to the private trade.

Creation of Large Zones:— 10.9. Creation of large zones consisting of contiguous surplus and deficit States has also been suggested as an alternative. But past experience has shown that large zones are only fair weather friends. As soon as difficulties arise on account of drought or shortage, the large zones tend to break up either formally or informally. Thereupon, each State becomes a zone for purposes of distribution. At the same time, arrangements do not exist for supplying the required quantities to the deficit States. In effect, on the disintegration of the large zones, single State zones come into existence without the concomitant obligation to procure and make available the required quantities to the deficit States. We have discussed this question with all States; and not more than three or four were even *prima facie* in favour of large zones. And even among these, some were apprehensive that in a situation of shortage, the large zones would disintegrate in the face of difficulties similar to those that had been experienced during 1963 and 1964. This apprehension cannot be ignored. The fact of the matter is that no State Government is in a position to absolve itself of responsibility, when food is scarce and distribution, public or private, breaks down. In such a contingency, the Government does all it can to exercise responsibility within its territorial jurisdiction which is the State. That is why, whenever conditions are anywhere near critical, it is extremely difficult to hold together the large zones whose boundaries are not co-terminous with State boundaries.

Inter-State Trade in Foodgrains Should Be Handled Only by the Food Corporation of India:— 10.10. During our discussions with the State Governments, we found a considerable body of opinion in favour of the State continuing to be in charge of inter-State movement of foodgrains for the reason, among others, that this would enable maximum procurement by each State Government for fulfilling demand both within and outside the State. Taking into account all the relevant factors—economic, administrative and political—we recommend the continuance of the present position. But this is strictly for the purpose of fulfilling the objectives

of the National Food Budget and, in general, national food management. It is necessary that the National Food Council should ensure that at no time, for example, does the monopoly become an expedient for deficit States to go slow on their procurement or surplus States to hold on to their surpluses. The requisite procurement at reasonable prices in each State and the planned movement to other States must be regarded as the main objective of control over inter-State trade. For this planned movement to be properly executed we are of the view that it should be handled by the Food Corporation of India. In other words, the Corporation should act as Government's agent for all inter-State trade in foodgrains, in particular rice, wheat and coarse grains.

Some Criticisms of Restrictions on Movement:— 10.11. We are aware that there is a considerable degree of dissatisfaction in the country with the existing restrictions on inter-State trade in foodgrains. These restrictions are considered irksome by producers as well as consumers. However, so long as shortage persists, any solution will have one irksome feature or another. The inconveniences and hardships inherent in any particular system have to be weighed against the positive contributions it makes towards the achievement of the long-term objectives of the food policy. From this angle, we consider that the advantages of the State monopoly of inter-State trade in foodgrains outweigh its disadvantages. Another criticism of the restrictions on inter-State movement of foodgrains is that they undermine the unity of the Nation. We do not consider this to be a valid criticism. The system does not envisage a ban on the movement of the surplus from the surplus States to the deficit States. What the system implies is that the inter-State transfers will be effected on a regulated basis by a public agency which is amenable to social control and discipline. In a situation of overall shortage, if inter-State movement of foodgrains is allowed to be undertaken in an unregulated and uncontrolled manner, it would indeed create scarcity conditions in the relatively poorer regions of the country. Such a development can have a far more damaging influence on the unity of the Nation.

Inter-State Disparities in Prices:— 10.12. An important criticism of the State operation of inter-State movement of foodgrains during 1964-65 and 1965-66 season is that it has given rise to wide disparities in prices as between different States. The prices in the surplus States have remained at relatively low levels as compared with those prevailing in the deficit States. This is not in the interests of either the producer in the surplus State or the consumer in the deficit State. We do not wish to minimise the importance of maintaining a reasonable parity in prices. But we would point out that, while comparing price levels between surplus and deficit States, account is generally not taken of the large quantities of foodgrains made available to consumers in the deficit States through the public distribution system at reasonable rates. The quantities made available through the public distribution system in chronically deficit States like Kerala,

Maharashtra and Gujarat are very sizeable. For example, in Kerala against its own production of 11·07 lakh tonnes of rice, 9·10 lakh tonnes of rice were made available from the Central Pool for distribution through fair price shops during 1965. In addition, 3.37 lakh tonnes of wheat were also made available to Kerala from the Central stocks in that year. Another instance is of Maharashtra, where, against its own production of 14.74 lakh tonnes of rice and 4.09 lakh tonnes of wheat, 3·36 lakh tonnes of rice and 10·77 lakh tonnes of wheat were made available from the Central supplies for distribution through fair price shops during 1965. In Gujarat too, while rice supplied from the Central stocks amounted to 2·00 lakh tonnes and wheat to 6·76 lakh tonnes in 1965, its own production was 4·70 lakh tonnes of rice and 4·25 lakh tonnes of wheat. (App. III—Table 5).

10.13 It is however no part of our intention to suggest that the actual working of the system during 1964-65 and 1965-66 was anywhere near perfect or free from avoidable defects. It was not. But it must, at the same time, be remembered that in 1964-65 the system had just been introduced and immediately, thereafter, in 1965-66, was put to a very severe test because of the unprecedented shortfall in foodgrains production. We believe that the defects in the working of the system are not inherent. Given the determination to do so, they can be greatly reduced, if not eliminated.

Elimination of Disparties—a Function of Equitable Distribution:—
10.14. We would emphasise that, in the main, the problem of elimination of disparities in prices between different States is only another facet of the problem of equitable distribution of available foodgrains in the country. The formulation and implementation of the National Food Budget as well as strict adherence to the obligations and discipline involved therein will, we hope, ensure more equitable distribution and in the same process promote the reduction of inter-State price disparities. On the one side it is necessary to improve the systems of procurement, obtain maximum supplies and by the same token stabilise prices at a level which is reasonable from the producers' angle. Simultaneously, the distribution machinery should be systematised so as to ensure a continuous and regular supply of foodgrains, at reasonable prices, to as large a section of consumers as possible. In our view, the more important yardsticks for judging the performance of the State operation of inter-State trade are : (a) the extent to which it has been possible to ensure reasonable prices to producers, and (b) the degree to which protection against excessive prices has been extended to consumers.

Complete Elimination of Inter-State Price Disparities not Possible:—
10.15. We should not like to be understood as implying that it is feasible to remove inter-State price disparities altogether. Apart from the fact that the prices in the surplus and the deficit States must be different on account of the transfer costs, there will always be small special classes of consumers

who are prepared to offer relatively high prices for certain preferred varieties or qualities of foodgrains. It is only proper that such varieties should be priced correspondingly high wherever practicable. It is not to factors such as this that importance should be attached. The main task is to make available to a large section of consumers sufficient quantities of foodgrains at reasonable prices. It is the performance of this task that the inter-State monopoly of foodgrains is intended to facilitate.

Policy of Aggressive Buying to Ensure Reasonable Prices to Producers:—

10.16. We would emphasise here that whenever and wherever the producer's prices tend to reach unreasonably low levels, it should be considered not only as an opportunity but a challenge to intensify procurement operations. We are in favour of a policy of aggressive buying in the surplus States consistent with the main objectives of the food policy. If, in the process, there is a moderate rise in prices in the surplus States, it should not be treated as an excuse for slowing down procurement operations. In our view one of the most important requisites for the smooth working of the system is that the producer gets a reasonable price.

Uniform Basis for Costs and Margins in Inter-State Trade:— 10.17. As we have repeatedly stated, the rationale of introducing restrictions on inter-State movement of foodgrains is that the surpluses of the surplus States are made available to the deficit States at reasonable prices. The tendency to profiteer at the expense of consumers of the deficit States should be kept under effective check, as otherwise the very justification for imposing restrictions on inter-State movement would vanish. It is, therefore, necessary to ensure that profit margins of the public agencies engaged in the inter-State trade are kept at reasonable levels. Our suggestion that inter-State trade in all foodgrains, which are subjected to movement restrictions, should be handled only by the Food Corporation of India would facilitate the achievement of this objective. The costs and margins allowed to the Food Corporation of India and its agents for procurement and distribution should, to the maximum extent possible, be placed on a uniform basis throughout the country.

10.18 Lastly, we would refer to one view which is sometimes expressed and with which we do not agree. It is said that, if restrictions on inter-State movement were removed, the producer would be helped and the situation would be eased all round. It may be conceded that if private trade enters the inter-State trade in foodgrains, price disparities will be narrowed down. But this would be at the cost of the economy as a whole, since the resultant price level would be dictated by the richer consuming centres and be substantially higher than at present. In other words, there would be a great deal of hardship to the consumer both in the surplus and deficit States. At the same time, the benefit to the producer would be problematic.

More often than not, in a situation of shortage, the higher price is reflected more in the middleman's profit margin rather than in the producer's return. We are sceptical of the benefits that are presumed to follow from a policy of free movement. We believe that a planned policy of aggressive buying at reasonable prices together with strategic regulation of movement of foodgrains can achieve the objective of ensuring a reasonable price to the producer, while at the same time ensuring a fair deal for the consumer.

SECTION XI

ROLE OF THE FOOD CORPORATION OF INDIA

General:— 11.1. We have recommended that the Food Corporation of India should handle the entire inter-State trade in foodgrains. In this Section we proceed to suggest that it undertake a number of other important tasks. We are at the same time conscious that, as at present constituted, the Food Corporation is not wholly equipped to fulfil the extremely important role we have envisaged for it. It would have to be reorganised. We propose in this Section to consider its future role and make suggestions for reorganisation.

Role of the Food Corporation of India in Inter-State Trade:— 11.2. Most important of all is the part that the Food Corporation should play in inter-State trade in foodgrains. This, as we have indicated, can be briefly and adequately summarised as the function of carrying out all the inter-State transfers of food which are envisaged in the National Food Budget.

Role in Inter-State Trade:— 11.3. The inter-State role postulates an important intra-State one where, consistent with national and State policies, the Corporation will play as significant a part as possible in the procurement system and operations of each State. For this purpose, a number of steps should be taken. First, in those States, where the private trade in foodgrains is functioning, the Food Corporation should also be permitted to function as a trader. Second, wherever a State Government employs a number of procurement agencies, e.g., cooperative societies, private traders, millers, etc., the Food Corporation should also be appointed as a procurement agent of the State Government. Third, in those States where cooperative societies act as monopoly procurement agent, the Food Corporation should work through the agency of the cooperative societies. For this purpose, a close liaison between the Food Corporation and the cooperative societies should be developed. The Food Corporation can help the cooperative societies in procurement operations, by providing facilities of finance, shortage, etc.

Need for Reorganisation of Food Corporation of India:— 11.4. The Food Corporation of India has yet to make itself known and accepted in many parts of the country. One way of gaining acceptance is by proving useful. This the Corporation is gradually demonstrating to the States and we were glad to notice that, in Andhra Pradesh and one or two other States, the Governments concerned were taking active interest in the institution. Moreover, as we shall later suggest, certain organisational and

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other measures could be taken so as to foster closer association and understanding between the Food Corporation and the State Governments. It is necessary to create a climate in which the State Governments begin to consider the Food Corporation as their own agency in the system of procurement and distribution of foodgrains.

Three Commodity Divisions and Regional Offices in All States:— 11.5. In order that it may effectively take part in inter-State trade and undertake the other duties indicated, we recommend that the Food Corporation of India should establish three adequately staffed Commodity Divisions at three different places other than the headquarters, which is Madras. More specifically, we recommend the establishment of a Rice Division (to be located at Hyderabad), a Wheat Division (to be located at Delhi) and a Coarse Grains Division (to be located at Nagpur). In relation to the particular commodity in which it specialises, each such Division should initiate, coordinate and supervise all important operations connected with purchase, sale, movement, storage, etc. Subject to the overall control of the Central Office at headquarters, the substantive responsibility and all the available expertise in respect of the specific commodity should vest in the executive head of the particular Division who may be called the Divisional Managing (or Executive) Director. In addition to these Commodity Divisions, Regional Offices of the Food Corporation should also be established in all the States. While one of the main functions of the Commodity Divisions will be to facilitate procurement operations in surplus States in accordance with the targets stipulated in the National Food Budget, the Regional Offices in different States will be in close touch with the day-to-day operations of procurement and distribution. The Commodity Divisions will operate at a higher level of policy implementation in close collaboration with the Governments of two or more States which are surplus in a particular commodity and therefore suppliers of it to deficit States. The Divisional Managing (or Executive) Director concerned should be assisted by an Advisory Committee on which should be represented all the surplus States concerned with the commodity. Other members on this Committee should include one or two representatives from the Board of Directors of the Corporation. Regional Offices of the Food Corporation should also have Advisory Committees on which due representation is given to the concerned State Governments. We believe that the reorganisation of the Food Corporation on these lines will facilitate the collaboration of the State Governments in the activities of the Corporation and promote mutual understanding and cooperation.

Food Corporation of India to Finance Procurement and Bring about Reduction in Costs:— 11.6. We should like to emphasise that the Food Corporation of India ought to play an increasingly important role in the internal procurement of different States. It can, for one thing, be of a great help in providing adequate additional finance for procurement opera-

tions, thereby removing an important hurdle in the way of intensified procurement. The Food Corporation should at the same time strive, so far as its own operations are concerned, to reduce the costs of procurement, handling and distribution of foodgrains by rationalising these operations. The more the financial and administrative assistance it renders to State Governments, and the less the element of cost burden it imposes through its own operations—inter-State and intra-State—the greater is likely to be the acceptance which the Food Corporation will gain throughout the country. Further, the Food Corporation should pay very close attention to improving the efficiency of Government operations in the foodgrains market, and ultimately set norms in this respect for both Government and the private trade. To the extent it is able to employ the agency of the trader and work in collaboration with him, it will have the opportunity not only of being a bridge between Government and the trade but of assisting private trade in the promotion of discipline and adoption of standards. Even stronger than its link with private trade should be that which the Food Corporation establishes with marketing and other cooperatives in different States. It could appoint the cooperative as its agents in certain cases or, in other circumstances, be itself the agent of the cooperatives, according as the procurement arrangements of the particular State render it suitable. But in all States the endeavour should be to work in the closest possible association with Government, cooperatives and private trade.

Food Corporation of India to Manage Buffer Stock:— 11.7. We recommend that the management of the buffer stock should also be the function of the Food Corporation. As part of such management, the Food Corporation will ensure that the stock is rotated with adequate frequency and not allowed to deteriorate on account of unduly long storage. The rotation of a buffer stock of the order of four million tonnes will imply almost continuous operations of sale and purchase on the part of the Food Corporation. These operations will have to be fitted into the overall procurement and distribution policies followed in different States. An understanding would have to be reached between the Food Corporation and the State Governments whereby, releases and replenishments are matched over a period. Many problems are bound to arise: in the rotation, for example, of stocks of imported foodgrains. It would be for the Food Corporation and the Governments concerned to devise measures for surmounting the difficulties.

Concentration of Food Corporation's Activities in the Area of Foodgrains:— 11.8. And finally we would utter a word of caution. We have envisaged for the Food Corporation of India a responsibility of national importance and great magnitude. On the other hand, the Food Corporation for all the progress it has made is as yet in its infancy. We would recommend therefore that, in gearing itself to the great task in front of it, it should eschew diversifying its efforts at too early a stage. We believe

that many ad-hoc demands will be made upon it, but, over the next three years or so, it should concentrate on its role in the area of foodgrains. It is only after it has built an organisation that can adequately cope with the important assignment here contemplated that it should consider taking on other responsibilities.

SECTION XII

PRICE POLICY

Policy of Guaranteed Minimum Support Prices:— 12.1. Self-sufficiency or self-reliance, as we have pointed out, is one of the important objectives of an integrated food policy. Not only programmes of intensive production, but price policy too has a significant role to play in this respect. Guarantees that are announced beforehand, by way of minimum support prices for foodgrains can help in creating conditions favourable for increasing production. The object of the guarantee is to remove price uncertainty on the part of the producer. It can also help in assuring the progressive farmer that additional effort and expenditure for the purpose of increasing output will bring him an adequate return.

12.2. We are aware that the Government has already accepted the policy of announcing guaranteed minimum support prices for important agricultural commodities, including paddy, wheat, jowar, bajra and maize. The Agricultural Prices Commission has also been established to advise the Government on this and other aspects of price policy. This is a development in the right direction. Our observations on price policy are, therefore, mainly confined to a few points which we consider are important for making minimum prices more effective. First, the announcement of prices should be made well before the sowing season, so that farmers can decide on their production plans. Second, in order that the guaranteed minimum support prices may help in creating a favourable climate for long term investments by producers, the guarantee should be for a long enough period, say, at least three years. Third, Government should give wide publicity to the minimum support prices and to the fact that it will be prepared to purchase all the quantities offered to it at those prices. Fourth, adequate arrangements should be made at important primary markets for making purchases at the support prices, whenever the need arises.

12.3. It is obvious that the guaranteed minimum support prices will lose all significance if fixed too low, *e.g.*, at levels not likely to be reached at all in actual practice. It has at the same time to be recognised that the programme of guaranteed minimum support prices cannot, of itself, stimulate increased production. Basically, increase in production is dependent on greater and more efficient use of resources. If the resources themselves are in short supply, no price support can bring about an increase in production.

Procurement Prices:— 12.4. We have elsewhere recommended a basic minimum levy on the producer. It would be necessary for Government

to fix procurement prices for this purpose. The price at which Government procures foodgrains from the producer becomes an important element in determining not only the income of the producer but also the amount of effort he is prepared to put into production. The procurement price has to be higher than the support price. The difference is that Government compels the producer to part with some of his stocks at the former price, whereas it offers to buy all his stocks at the latter. The objective of keeping the consumer price at reasonable levels has also to be kept in view while fixing procurement prices. Against this must be weighed the consideration that, if the incentive to the producer is unduly diluted, he will produce less—or not produce as much as hoped for—next time. This may result in much greater future hardship to the consumer. Another factor that will have to be kept in view, while determining the procurement price is the extent of the levy in relation to what is produced. If a very large part of the output is taken away in the form of levy, the procurement price will have to be sufficiently attractive, for otherwise the producer may switch on at the next occasion to other crops not subject to the levy.

No Maximum Prices for Private Transactions:— 12.5. Another point to consider is that of fixing maximum prices for foodgrains sold by private trade. All experience confirms that these maxima are unenforceable unless backed by stocks available with Government. Penal provisions do not avail. In other words the major instrument with Government for regulating consumer prices is the stocks that it commands and the distribution arrangements that it builds up. Maximum prices that cannot be enforced have only one effect, that of keeping stocks away from the open market. We recommend that Government should fix procurement prices for acquisition of stocks and not maximum prices for trade transactions.

12.6. To sum up, an appropriate price policy should seek: (a) to assure the producer of guaranteed minimum support prices; (b) to assure the consumer that he will get at least specified quantities of foodgrains at reasonable prices; and (c) to fix reasonable procurement prices for the foodgrains acquired by Government.

Costs and Margins of Public Sector Agencies:— 12.7. Further, the main objective of public sector operations in the foodgrains market, *i.e.*, procurement and public distribution, is to keep the producer's and consumer's prices at reasonable levels. This objective can be achieved only if the costs of procurement, handling and distribution by public agency are kept as low as possible. It is, therefore, very necessary to improve the efficiency of the public sector operations in the foodgrains market. We urge that a close examination of the costs incurred and margins allowed at different stages of marketing by Government and its agents should be undertaken as early as possible with a view to rationalising the cost structures as between different States and for different foodgrains.

Pricing Policy for Public Distribution System:— 12.8. We should like to refer to another aspect of the price policy, *viz.*, the sale prices of foodgrains through the fair price and ration shops. The overall principle governing the purchase and sale operations of Government should, no doubt, be that of no profit and no loss. However this does not necessarily imply that the same principle should be followed in the sale of all individual varieties of foodgrains. We visualise that the superior and better varieties of foodgrains sold through the fair price shops should be priced adequately high. The purchase and sale operations of these superior and better varieties of foodgrains will, in a financial sense, to some extent balance those in respect of coarse and inferior varieties of foodgrains sold through the fair price shops. This will not only keep the pressure of demand for superior and better varieties of foodgrains under check, but also enable the public distribution system to give greater protection to consumers of the coarse and inferior varieties of foodgrains, who mainly consist of the low income groups.

Sale prices of Imported Foodgrains:— 12.9. Lastly, we would refer to another important aspect of price policy, *viz.*, the prices at which imported foodgrains are sold to the consumer. The relationship between the prices of imported foodgrains and indigenous foodgrains is very important for two reasons. First, unless the prices of imported foodgrains are in line with those which are indigenous, the demand for the cheaper imported varieties will increase at a time when it is necessary to reduce it. Second, the low prices of imported foodgrains is a disincentive to increase of production in the country. Both these considerations underline the need for adopting a realistic policy regarding the sale prices of imported foodgrains.

12.10. At present the issue prices of imported wheat vary between Rs. 50·00 and Rs. 52·00 per quintal. On the other hand, the prices of indigenous wheat rule between Rs. 69·00 and Rs. 112·00 per quintal. Similarly, the issue price of imported milo is Rs. 33·00 per quintal while the prices of jowar range between Rs. 53·00 and Rs. 80·00 per quintal in different parts of the country. We understand that, after devaluation, a substantial element of subsidy is involved in the prices at which imported foodgrains are issued to the consumer. It is understandable that, as a temporary measure, no alteration should be made in the prices for some time after devaluation. But the public distribution system deals with consumers in general and any subsidy would be a subsidy for all classes of consumers. We do not think that issue prices so low as to involve a very large general subsidy of this kind would be justified for any length of time. This consideration is especially important in respect of imported wheat which, because of its low price, is at present in great demand even in areas where it was not consumed in the past.

SECTION XIII

CONCLUSION

National Management of Food Calls for National Discipline:— 13.1. Out recommendations may be summed up in one phrase: national management of food. This cannot be successful without national discipline and a sense of sharing a common purpose. The food situation is difficult and potentially dangerous. There is no way of meeting it unless all differences—sectional, regional and political—are transcended, and all classes of the community—producers, traders and consumers—are prepared to bear some hardship and sacrifice.

Essentials of Integrated Food Policy:— 13.2. National management of food implies a national plan of supply and distribution. This is the National Food Budget. The means of implementing the plan are four-fold, namely: (i) procurement to ensure necessary supplies, (ii) control over inter-State movement to facilitate procurement and keep prices at a reasonable level, (iii) a system of public distribution to ensure equitable sharing and (iv) the building up of a buffer stock to provide against difficult years. These together form the integrated food policy we have recommended.

Basic Objectives of Equity and Stability:— 13.3. We believe that it is only if efforts are made in all these respects with vigour and determination that it will be possible to attain the basic objectives of equity in distribution and stability of prices. Individual instruments of food policy such as systems of procurement in different States or regulation of inter-State movement between all States should be judged, not as isolated exercises of irksome control, but on the contribution they make towards the achievement of these objectives.

SECTION XIV

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

1. The terms of reference of the Committee comprise all aspects of food policy, namely, procurement, distribution, movement and prices. These have to be dealt with as integral parts of a total policy. The recommendations too have to be considered, not each by itself, but as together constituting an integrated food policy. (Section I—Para 1.2.).

2. In the perspective of five to ten years, suggested as basis for immediate food planning, a chronic and marginal food shortage is likely to continue. There will also be bad years during which the shortage will suddenly become acute and grave. This situation can be taken care of only by prudent food management—long enough in point of time and country-wide in point of area. The need for food management will continue for a decade. And the responsibility to manage will be obviously that of the Central and State Governments. Neither need nor responsibility can be wished out of existence. (Section II—Para 2.4).

3. An important objective of food policy is to ensure that the shortage of foodgrains does not lead to an excessive and unbridled rise in their prices. But food policy can achieve this objective only if it is supported by appropriate monetary and fiscal polices. (Section II—Para 2.5).

4. Any repetition of decontrol of food, in small or large doses, is likely to accentuate the existing inflationary forces. (Section II—Para 2.6.).

5. As the food problem now stands, the whole nation—the politician and the people, the Government and the administrator—has a stupendous job to perform. This job postulates discipline at all levels. No reasonable policy can succeed without the sharing of a common purpose by the country as a whole, and the exercise of some authority by the Centre in translating that purpose into the actual working of a national food policy. The issue before the nation is no longer an ordinary one, but as vital as that involved, for example, in a military threat to the country's security. In such a contingency indiscipline, corruption and inefficieny at whatever level cannot be regarded as tenable reasons for not taking such measures as may be necessary for sheer survival. (Section II—Para 2.8 to 2.10.).

6. Basically, the problem of food shortage has arisen because supply has lagged behind demand. Demand for foodgrains has been increasing as a result of a number of forces, e.g., growth of population, urbanisation and rise in incomes, both real and monetary. Those forces will continue to

operate. The lasting remedy is to ensure that production keeps pace with increase in demand. However, the food problem will not be solved merely by achieving a quantitative equality between demand for foodgrains and their supply, because of the time and space factors affecting demand. Besides larger production of foodgrains, therefore, there has to be better management of food. (Section IV—Paras 4.2 to 4.8).

7. Supply of foodgrains consists of foodgrains produced within the country *plus* imports. Imports are, however, not likely to be either large or easy in future. The world food supply situation is more difficult now than at any time in the recent past. In formulating future food policy, therefore, the changed perspective in respect of imports has to be firmly kept in view. The implications of the new situation are: (i) we must achieve self-reliance in foodgrains as quickly as possible, (ii) to the extent that imports are available within the interval, they must be used mainly in building reserves and (iii) the distribution system should be so operated as to mitigate, to the maximum possible extent, the hardship, especially of the poorer classes, likely to result from the stoppage of imports. (Section IV—Paras 4.12 and 4.13).

8. Programmes are on hand for increasing production of foodrgains. They will be successful only if the resources are physically available and right use is made of them by farmers throughout the country. While placing considerable hope in the programmes, it is necessary, in the light of experience, to allow for a shortfall in achieving the target of 120 million tonnes at the end of the Fourth Plan. (Section IV—Paras 4.14 to 4.17).

9. In view of all these considerations: the rising demand, decreasing imports and a not-too-spectacular increase in food production, the food situation in the next five years would be difficult, and in a bad year critical. It is, therefore, necessary to adopt a cautious approach. The possibility that the situation of marginal shortage might continue even after five years cannot be ignored. (Section IV—Para 4.18).

10. In the context of shortage, the main objectives of the food policy should be: (a) to achieve self-reliance; (b) to ensure equitable distribution; and (c) to keep prices stable and at reasonable levels. (Section V—Para 5.1).

11. Self-reliance in foodgrains, in the sense that production matches demand, cannot be attained for some years to come. However, in its preoccupation with the other two objectives, viz., equitable distribution and holding the price line, food policy should not lose sight of the long-term objective of larger production. (Section V—Para 5.2).

12. The two aims of equitable distribution and keeping the prices at reasonable levels can be achieved only by planned and deliberate management of available food supplies. Such management implies that Govern-

ment makes an objective assessment of the national availability of foodgrains and arranges for its distribution between different sections and States so as to ensure equitable sharing and reasonable prices. It is only by full acceptance of the principle of sharing on a national basis that the problem of chronic shortage can be successfully tackled, hardship to the weaker sections mitigated and an excessive rise in prices avoided. Further, Government will have to undertake the responsibility of maintaining a public distribution system so as to meet at least a part of the consumer demand at reasonable prices. The system of public distribution can function only if the necessary supplies for maintaining it are acquired by Government. The larger the supplies acquired by Government and distributed through the public distribution system, the greater will be the impact on foodgrains prices. It is also necessary to build adequate reserve stocks which will soften the impact of accentuated shortage in years of fall in production. For this purpose, it is essential for Government to acquire foodgrains in excess of current commitments of distribution. (Section V—Paras 5.5 to 5.8).

13. In the planning and managing of available food supplies is implicit the idea of a National Food Budget. In formulating the Budget, a preliminary task will be to assess the surpluses and deficits of each State on as scientific and realistic basis as possible. The principle of sharing the available surpluses on a national basis has to be accepted wholeheartedly by all and especially by the States surplus in foodgrains. The deficit States too have an obligation, that of making the most of their own resources before making demand on the Central Pool of food resources. (Section VI—Paras 6.1 to 6.3).

14. For preparing the National Food Budget, the important factors that should be kept in view are 'normal' consumption patterns in different States, traditional inter-State inflows and outflows, prevailing prices of foodgrains and the prospect of foodgrains production in different States for the year to which the Budget relates. Consumption patterns and inter-State trade in foodgrains during the period 1961 to 1963 can be taken as a working basis for the preparation of the Budget. Though it will not be possible to finalise the Budget right at the commencement of the procurement season, it should be possible to draw up a tentative Budget in the light of the available information regarding crop prospects at the beginning of the season. This can then be reviewed every month in the light of the new information regarding crop position. It would be an advantage if certain basic quotas of procurement for movement outside the State are fixed for the surplus States, say at 75 per cent of the average net outflow during the period 1961 to 1963. (Section VI—Paras 6.4 to 6.6).

15. The National Food Budget will have to be prepared for all foodgrains for which there are restrictions on inter-State movement. (Section VI—Para 6.7).

16. It is necessary to devise a machinery which will ensure that all concerned will participate to the fullest extent in the preparation and implementation of the National Food Budget. A National Food Council should be set up and be responsible for formulating, reviewing, revising and implementing the Budget. The National Food Council will be presided over by the Prime Minister and consist of all the Chief Ministers and the Union Food Minister and the Union Planning Minister. The National Food Council will have a Standing Committee. This will be presided over by the Prime Minister and consist of four Chief Ministers (drawn from both surplus and deficit States), the Union Food Minister and the Union Planning Minister. The Standing Committee will exercise all the powers of the National Food Council in taking decisions regarding formulation, review, finalisation and implementation of the National Food Budget. (Section VI—Paras 6.8 to 6.9).

17. There should also be a Central Food Committee presided over by the Union Food Secretary and composed of the Union Agriculture Secretary, Food Secretaries of all the States, the Chairman of the Agricultural Prices Commission, the Chairman of the Food Corporation of India and six non-official members. It will be the function of the Central Food Committee to prepare the National Food Budget for consideration and approval by the Standing Committee of the National Food Council. The Central Food Committee may appoint a Standing Sub-Committee presided over by the Union Food Secretary and composed of four State Food Secretaries (drawn from both surplus and deficit States) and the Chairman of the Agricultural Prices Commission. The Standing Sub-Committee will function on behalf of the Central Food Committee. (Section VI—Para 6.10).

18. A Technical Cell should be set up in the Ministry of Food and Agriculture for providing adequate technical data to the Central Food Committee. It is necessary to ensure that the Governments concerned make all the relevant data available to the Technical Group promptly and regularly. In the course of years, the Cell would be able to conduct and publish the results of systematic agronomic, statistical, economic and other studies which will progressively place the National Food Budget on a more firm and objective basis. (Section VI—Para 6.11).

19. Unless the principle of national sharing is accepted and implemented by all the States wholeheartedly, the dependence on imports may increase. But imports are not likely to be available as easily and on as large a scale as at present. A strict adherence to the obligations under the National Food Budget by the surplus States is essential. The surplus States should consider themselves, and not the Central Government, primarily responsible for meeting all commitments made in regard to the supply of foodgrains to the deficit States. (Section VI—Para 6.12).

20. A system of public distribution can help in achieving the objectives of equitable sharing and keeping consumer prices at a reasonable level. The degree to which these objectives are achieved depends on the volume of supplies handled by the public distribution system as also the extent of its area of operation. (Section VII—Para 7.1).

21. The extension of the public distribution system has been rapid during the last three years. This is a very important step in the overall strategy of food policy. The system of public distribution of foodgrains should not only be maintained but also strengthened in future. (Section VII—Paras 7.2 to 7.3).

22. The system of public distribution is in the form of either ration shops in the statutorily rationed areas or of fair price shops in the informally rationed areas. In view of the rigid commitment under the statutory rationing system, the extent of the introduction of the system is dependent on the regular availability of adequate supplies of foodgrains with Government. In line with the policy decision already taken, statutory rationing should be extended to Ahmedabad and Bangalore. (Section VII—Para 7.5).

23. The question of introducing statutory rationing in other urban areas should be considered in the light of (a) adequacy of supplies available with Government, (b) the need for making adequate arrangements for public distribution in other areas, especially in rural areas and (c) the need to build up a buffer stock. Fair price shops should be extended to rural areas and distribution through them systematised so that the landless and the near-landless are protected. (Section VII—Paras 7.6 and 7.7).

24. The system of public distribution is at present primarily dependent on imports and not on supplies procured within the country. Urgent steps should be taken to reduce the dependence of the public distribution system on supplies from abroad. (Section VII—Para 7.8).

25. To achieve the objective of inter-seasonal stability, Government should have an adequate buffer stock, which can be released to increase the availability during a really bad season, *e.g.*, one in which there is acute scarcity. Immediate steps should be taken to build up a buffer stock of foodgrains of not less than four million tonnes during the next three to four years. This buffer stock should be with the Central Government. Any stock held by State Governments would be in addition to the buffer stock held by the Central Government. (Section VIII—Paras 8.1 and 8.2).

26. The building up of a buffer stock of this order in a situation of shortage is not easy. However, this is of such crucial importance that it should be given the highest priority in the formulation of the National Food Budget. Though the process might be difficult, it is essential that the

Central Government should put aside at least one million tonnes of foodgrains every year during the next three to four years, unless the year is very bad. (Section VIII—Para 8.3).

27. To the extent that imports continue to materialise, a sizeable part of them should be earmarked each year for the creation of the buffer stock. In so far as rice and coarse grains are concerned, a substantial part of their stocks will have to be built out of internal procurement. Hence, the programme of procurement should be drawn up in such a way that the Central Government is able to acquire quantities that are in excess of its current commitments. It is also necessary to undertake a special procurement drive in the intensive production programme areas for the purpose of building up the buffer stock. (Section VIII—Paras 8.4 and 8.5).

28. The role of the buffer stock is to enable the Central Government to mitigate the adverse impact on availability of a shortfall in production as also to alleviate distress in conditions of real scarcity. In order that the buffer stock is not used for purposes other than those intended, the decision to draw on it for current consumption (as distinct from its rotation) should be taken only at the highest level, *i.e.*, by the Cabinet of the Central Ministers. (Section VIII—Para 8.6).

29. The management of the buffer stock, *i.e.*, its storage and rotation, should be entrusted to the Food Corporation of India. (Section VIII—Para 8.7).

30. In the particular combination of circumstances in which we find ourselves, *viz.*, of receding imports, inadequate production and increasing demand, procurement becomes the only leg we can stand upon. To fail in procurement is to fail all along the line of policy objectives. (Section IX—Para 9.1).

31. Acquisition of supplies by Government by open market purchases will raise the purchase prices so high that neither the objective of holding the price line nor that of equitable distribution can be expected to be achieved. There does not seem to be any way by which the State can obtain optimum supplies—consistent with price objectives and financial requirements—without the imposition of restrictions on private trade, especially inter-State trade. (Section IX—Para 9.2).

32. A uniform system of procurement for the whole country is not feasible. While a certain degree of flexibility regarding the details of the procurement systems in different States and for different foodgrains is inevitable, such flexibility should not in any way detract from the State Governments' capacity to honour their obligations under the National Food Budget. In other words, a flexible approach regarding the details of the procurement system would be permissible, provided: (i) in the case of the surplus States, the targets of procurement as determined in the National Food Budget are

fulfilled and (ii) in the case of the deficit States, their requirements from the Central supplies are not increased beyond those allocated under the National Food Budget. (Section IX—Para 9.6).

33. As an important part of the National Food Policy, each State, surplus or deficit, should introduce a minimum graded levy on the producer in respect of major foodgrains. The quantities procured through such a levy will not meet the requirement fully and, therefore, will have to be supplemented. The supplementary procurement systems will vary in different States and for different foodgrains. Some States may adopt a higher rate of levy on the producers. Other States may supplement the basic producer levy by other methods of procurement, e.g., levy on the miller or the trader, or pre-emptive purchases, etc. (Section IX—Para 9.7).

34. Procurement should be undertaken by both surplus and deficit States. (Section IX—Para 9.8).

35. A close link should be established between procurement and State-sponsored or State-aided programmes of production, especially in the areas of intensive agricultural production programmes. These programmes are made possible by the Centre undertaking to provide the necessary inputs, besides assisting in other ways. The Central Pool should be regarded as having a special claim on the resulting increase in foodgrains. There should be specific agreements between the Centre and the States that, in view of the resources given by the Centre for the intensive programmes, certain agreed quantities of foodgrains will be made available by the State to the Centre. Such quantities will be in addition to the normal quantities specified in the National Food Budget. For the acquisition of these additional quantities, specific provision might be made in agreements entered into between the State authorities and the farmers. (Section IX—Para 9.9).

36. Neither inadequacy of finance nor delay in its sanction should be allowed to come in the way of procurement operations. The question of providing adequate credit for procurement operations needs to be taken up immediately at the highest levels in the Food and Finance Ministries. The resources available with the Food Corporation of India should also be utilised to the utmost extent for financing procurement operations either directly or through the cooperative societies. (Section IX—Para 9.10).

37. Much larger storage than at present will be required in the course of implementation of food policy. All the agencies like the Department of Food, Food Corporation of India, Central and State Warehousing Corporations as well as the co-operative societies should start at once on large construction programmes. Some of the storage capacity will have to be in the form of silos so that long-term storage, especially of buffer stock together with the periodical rotation it entails, is facilitated. A co-ordinated approach is necessary so that there will be no duplication of effort or wastage of material by different agencies. (Section IX—Para 9.12).

38. While food management by the State Government can co-exist with the operations of private trade in its own allotted sphere within the State, the same cannot be said of inter-State operations. These must be the sole concern of Government and Governmental agencies working within the framework of the National Food Budget. Such control over inter-State trade in foodgrains will enable Government (a) to ensure equitable distribution between different States, (b) to keep prices at reasonable levels for both consumer and producer and (c) to ensure maximum procurement. (Section X—Paras 10.2 and 10.3).

39. In view of all the relevant factors—economic, administrative and political—the State control over inter-State trade in foodgrains should be continued. But this is strictly for the purpose of fulfilling the objectives of the National Food Budget. It is necessary that the National Food Council ensure that at no time, for example, does the monopoly become an expedient for deficit States to go slow on their procurement or surplus States to hold on to their surpluses. The requisite procurement at reasonable prices within each State and planned movement to other States must be regarded as the main objectives of the control over inter-State trade. For the planned movement to be properly executed, inter-State trade should be handled by the Food Corporation of India. (Section X—Para 10.10).

40. That the restrictions on inter-State movement of foodgrains undermine the unity of the Nation is not a valid criticism. It has to be noted that the system does not envisage a ban on the movement of the surplus from the surplus States to the deficit States. What the system implies is that the inter-State transfers will be effected on a regulated basis by a public agency which is amenable to social control and discipline. In a situation of overall shortage, if inter-State movement of foodgrains is allowed to be undertaken in an unregulated and uncontrolled manner, it might create scarcity conditions in the relatively poorer regions of the country. Such a development can have a much more damaging influence on the unity of the Nation. (Section X—Para 10.11).

41. As regards inter-State price disparities, it may be emphasised that their elimination is mainly a function of equitable distribution of available foodgrains in the country. The formulation and implementation of the National Food Budget will ensure more equitable distribution, and thereby reduce inter-State price disparities. The more important yardsticks, however, for judging the performance of the State monopoly of inter-State movement are: (a) the extent to which it has been possible to ensure reasonable prices to producers, and (b) the degree to which protection against excessive prices has been extended to consumers. (Section X—Paras 10.12 to 10.14).

42. Whenever and wherever the producer's prices tend to reach unreasonably low levels, it should be considered not only as an opportunity but a challenge to intensify procurement operations. A policy of aggressive buying in the surplus States consistent with the main objectives of the food policy should be adopted. If, in the process, there is a moderate rise in prices in the surplus States, it should not be treated as an excuse for slowing down procurement operations. One of the most important requisites for the smooth working of the system is that the producer gets a reasonable price. (Section X—Para 10.16).

43. The tendency to profiteer at the expense of consumers of the deficit States should be effectively checked. It is necessary to ensure that profit margins of the public agencies engaged in the inter-State trade are kept at reasonable levels. The costs and margins allowed to the Food Corporation of India and its agents for procurement and distribution should, to the maximum extent possible, be placed on a uniform basis throughout the country. (Section X—Para 10.17).

44. Removal of restrictions on inter-State movement might narrow down the disparities in prices, but the resultant price level would be substantially higher than at present. The benefit of such a policy to the producer would be problematic. More often than not, in a situation of shortage, the higher price is reflected more in the middleman's profit margin than in the producer's return. (Section X—Para 10.17).

45. The Food Corporation of India should be entrusted with the function of carrying out all the inter-State transfers of food which are envisaged in the National Food Budget. Within intra-State trade also, the Corporation should play as significant a part as possible in the procurement system and operations of each State. For this purpose a number of steps should be taken. First, in those States where the private trade in foodgrains is functioning, the Food Corporation of India should also be permitted to function as a trader. Second, wherever a State Government employs a number of procurement agencies, *eg.*, co-operative societies, private traders, millers, etc., the Food Corporation of India should also be appointed as a procurement agent of the State Government. Third, in those States where co-operative societies act as monopoly procurement agent, the Food Corporation should work through the agency of the co-operative societies. (Section XI—Para 11.3).

46. Certain organisational and other measures should be taken so as to equip the Food Corporation to discharge its new role efficiently and also in order to foster closer association and understanding between the Food Corporation and the State Governments. The Food Corporation should establish three Commodity Divisions, *viz.*, a Rice Division (at Hyderabad), a Wheat Division (at Delhi) and a Coarse Grains Division (at Nagpur). In addition to these Commodity Divisions, Regional Offices of the Food Corporation of India should also be established in all the States.

While one of the main functions of the Commodity Divisions will be to facilitate procurement operations in surplus States in accordance with the targets stipulated in the National Food Budget, the Regional Offices in different States will be in close touch with the day-to-day operations of procurement and distribution. The Commodity Divisions will operate at a higher level of policy implementation in close collaboration with the Governments of two or more States which are surplus in a particular commodity and, therefore, suppliers of it to deficit States. The Divisional Managing (or Executive) Director in charge of the Commodity Division concerned should be assisted by an Advisory Committee on which should be represented all the surplus States concerned with the commodity. Other members on this Committee should include one or two representatives from the Board of Directors of the Corporation. Regional Offices of the Food Corporation should also have Advisory Committees on which due representation should be given to the concerned State Governments. (Section XI—Paras 11.4 and 11.5).

47. The Food Corporation of India should provide adequate additional finance for procurement operations and thereby remove an important hurdle in the way of intensified procurement. The Food Corporation should at the same time strive, so far as its own operations are concerned, to reduce the costs of procurement, handling and distribution of foodgrains by rationalising these operations. The Food Corporation should also pay very close attention to improving the efficiency of Government operations in the foodgrains market, and ultimately set norms in this respect for both Government and the private trade. (Section XI—Para 11.6).

48. The Food Corporation of India would also have the function of managing the buffer stock, including its rotation. The rotation of the buffer stock will have to be fitted into the overall procurement and distribution policies followed in different States. An understanding should be reached between the Food Corporation and the State Governments to match releases and replenishments over a period. (Section XI—Para 11.7).

49. Over the next three years or so, the Food Corporation of India should concentrate on its role in the area of foodgrains. It is only after it has built an organisation that can adequately cope with this important assignment that it should consider taking on other responsibilities. (Section XI—Para 11.8).

50. Guaranteed minimum support prices for foodgrains announced in advance can help in creating conditions favourable for increasing production. To make this policy more effective, the announcement of minimum prices should be made well before the sowing season. The guarantee should be for a long enough period, say, at least three years. Government should also give wide publicity to the minimum support prices and to the fact that it would be preparaed to purchase all the quantities offered to it at those prices. Lastly, adequate arrangements should be made at important primary

markets for making purchases at the support prices, whenever the need arises. (Section XII—Paras 12.1 and 12.2).

51. Guaranteed minimum support prices will lose all significance if fixed at levels not likely to be reached at all in actual practice. However, it needs to be recognised that increase in production is dependent on greater and more efficient use of resources. If the resources themselves are in short supply, no price support can bring about an increase in production. (Section XII—Para 12.3).

52. It would be necessary for Government to fix procurement prices. The procurement price should be higher than the support price. The objective of keeping the consumer price at reasonable levels has also to be kept in view while fixing procurement prices. Against this must be weighed the consideration that if the incentive to the producer is unduly diluted, he will produce less—or not produce as much as hoped for—next time. This may result in much greater future hardships to the consumer. Another factor that will have to be kept in view while determining the procurement price is the extent of levy. (Section XII—Para 12.4).

53. Government should not fix any maximum prices for private trade transaction. (Section XII—para 12.5).

54. The objective of keeping the producer's and consumer's prices at reasonable levels can be achieved only if the costs of procurement, handling and distribution by the public agency are kept as low as possible. A close examination of the costs incurred and margins allowed at different stages of marketing by Government and its agents should be undertaken as early as possible with a view to rationalising the cost structures as between different States and for different foodgrains. (Section XII—Para 12.7).

55. The superior and better varieties of foodgrains sold through the fair price shops should be priced adequately high. The purchase and sale operations of these varieties will, in a financial sense, balance those in respect of coarse and inferior varieties of foodgrains sold through the fair price shops. (Section XII—Para 12.8).

56. The low issue prices of imported foodgrains involving a large subsidy for all consumers would not be justified for any length of time. This is especially important in respect of imported wheat, which with its low price is at present in great demand. (Section XII—Para 12.10).

(B. VENKATAPPIAH)
(D. R. GADGIL)
(M. L. DANTWALA)
(PRAKASH TANDON)
(B. P. DUTIA)

The 15th September, 1966.

APPENDICES

APPENDIX I

Persons and Organisations with whom the Committee held discussions

I. *Chief Ministers & Food Ministers*

Andhra Pradesh

1. Shri Brahmananda Reddy . . . . Chief Minister
2. Shri A. C. Subba Reddy . . . . Food Minister

Gujarat

1. Shri Hitendra Desai . . . . . Chief Minister
2. Shri Vijay Kumar Trivedi . . . . Civil Supplies Minister

Kerala

1. Shri Bhagvan Sahay . . . . . Governor

Madhya Pradesh

1. Shri D. P. Mishra . . . . . Chief Minister
2. Shri Gautam Sharma . . . . . Food Minister

Madras

1. Shri Bhaktavatsalam . . . . . Chief Minister

Maharashtra

1. Shri V. P. Naik . . . . . Chief Minister
2. Shri P. K. Savant . . . . . Food Minister

Punjab

1. Shri Ram Kishan . . . . . Chief Minister

Uttar Pradesh

1. Shrimati Sucheta Kripalani . . . . Chief Minister
2. Shri Jag Mohan Singh Negi . . . . Food Minister

West Bengal

1. Shri P. C. Sen . . . . . Chief Minister

II. *Officials of the State Governments*

Andhra Pradesh

1. Shri K. N. Anantharaman . . . . Chief Secretary
2. Shri J. P. L. Gwynn . . . . Member, Board of Revenue and *Ex-officio* Food Secretary.
3. Shri S. A. Quadar . . . . Agriculture Secretary
4. Shri M. Gopalakrishnan . . . . Director of Civil Supplies
5. Shri Q. H. Ansari . . . . Deputy Secretary, Food and Civil Supplies.
6. Shri G. D. Qureshi . . . . Director of Rationing
7. Shri K. Subba Reddy . . . . Director of Marketing
8. Shri D. Ranga Ramanujam . . . . Director, Bureau of Economics and Statistics.

Assam

1. Shri R. H. Shaw	Supply Secretary
2. Shri M. Ahmed	Agriculture Secretary
3. Shri K. C. Bhattacharya	Joint Director and Deputy Secretary Supply.

Bihar

1. Shri R. S. Mandal	Food Secretary

Gujarat

1. Shri V. L. Gidwani	Chief Secretary
2. Shri G. C. Baveja	Food Secretary
3. Shri S. M. Dudani	Agriculture Secretary
4. Shri M. F. Chauhan	Director of Civil Supplies
5. Dr. G. A. Patel	Director of Agriculture
6. Shri H. C. Jetty	Deputy Secretary, Coopera ion and Agriculture.

Kerala

1. Shri N. E. S. Raghavachari	Adviser (I)
2. Shri N. M. Patnaik	Chief Secretary
3. Shri K. S. Menon	Food Secretary
4. Shri K. K. Ramankutty	Agriculture Secretary
5. Shri Gopalakrishna Pillai	Additional Secretary, Board of Revenue.

Madhya Pradesh

1. Shri R. P. Noronha	Chief Secretary
2. Shri B. R. Mandal	Food Secretary
3. Shri S. L. Verma	Agriculture Secretary
4. Shri M. G. Sawant	Deputy Secretary (Food)
5. Shri H. M. Banerjee	Deputy Secretary, Civil Supplies.

Madras

1. Shri C. A. Ramakrishnan	Chief Secretary
2. Shri P. K. Nambiar	Food Secretary
3. Shri V. Karthikeyan	Agriculture Secretary.

Maharashtra

1. Shri D. R. Pradhan	Chief Secretary
2. Shri M. N. Heble	Food Secretary
3. Shri Nizammudin Ahmed	Additional Secretary, Agriculture and Cooperation.

Mysore

1. Shri K. Balachandran	Chief Secretary
2. Shri N. Narsimha Rau	Food Secretary
3. Shri G. S. Srinivasan	Agriculture Secretary.

Orissa

1. Shri P. K. Chakravarty	Food Secretary

Punjab

1. Shri R. S. Talwar	Food Secretary
2. Shri B. B. Vohra	Agriculture Secretary
3. Shri Manohar Lal	Director of Civil Supplies

Rajasthan

1. Shri L. N. Gupta	Additional Commissioner, Food and Civil Supplies.

Uttar Pradesh

1. Shri K. K. Dass	Chief Secretary.
2. Shri R. H. Chistie	Secretary, Food Department.
3. Shri S. K. Modwel	Deputy Secretary, Food Department.
4. Shri A. P. Garg	Provincial Marketing Officer.
5. Shri M. S. Haque	Joint Secretary, Department of Cooperation.
6. Shri S. K. Bhatnagar	Joint Secretary, Agriculture.
7. Shri R. C. Bhargava	Deputy Secretary, Planning Department.
8. Shri Iftikhar Husain	Additional Registrar, Cooperative Societies.

West Bengal

1. Shri B. C. Ganguli	Commissioner of Civil Supplies and Food Secretary.
2. Shri R. Ghosh	Agriculture Secretary.
3. Shri A. K. Mitra	Director of Civil Supplies.

Delhi Administration

1. Shri K. Kishore	Chief Secretary.
2. Shri Iqbal Singh	Controller of Rationing.
3. Shri D. S. Mishra	Director of Civil Supplies.

III. *Officials of the Government of India*

Department of Food

1. Shri A. L. Dias	Food Secretary.
2. Shri R. Balasubramaniam	Joint Secretary, Food Department.
3. Shri C. Banerjee	Deputy Secretary, Food Department.
4. Shri S. K. Bedekar	Officer on Special Duty, Rationing.

Ministry of Finance

1. Dr. I. G. Patel	Chief Economic Adviser, Government of India.

Planning Commission

1. Dr. S. R. Sen	Additional Secretary, Planning Commission.

IV. *Representatives of Cooperative Societies*

Andhra Pradesh

1. Shri B. N. Raman	Registrar of Cooperative Societies, Andhra Pradesh.
2. Shri Subba Reddi	Joint Registrar of Cooperative Societies, Andhra Pradesh.
3. Shri Ghulam Rasool	Deputy Secretary, Cooperation Department, Andhra Pradesh.
4. Shri G. V. Chellappa	Business Manager, Andhra Pradesh Cooperative Marketing Federation Ltd.

Assam

1. Shri R. Sarma	Chairman, Apex Cooperative Marketing Society.
2. Shri N. Bans	Accounts Officer, Apex Cooperative Marketing Society.

Gujarat

1. Shri H. M. Joshi	Registrar of Cooperative Societies, Government of Gujarat.
2. Shri V. P. Amin	Vice-Chairman, Gujarat State Cooperative Marketing Society Ltd.
3. Shri C. M. Talati	Manager, Gujarat Cooperative Marketing Society Ltd.

Madhya Pradesh

1. Shri R. G. Tiwari	Chairman, Madhya Pradesh Cooperative Marketing Society Ltd.
2. Shri M. P. Bhargava	Managing Director, Madhya Pradesh Cooperative Marketing Society Ltd.
3. Shri L. C. Jain	Secretary, Madhya Pradesh Cooperative Marketing Society Ltd.
4. Shri R. P. Mishra	Registrar of Cooperative Societies, Government of Madhya Pradesh.

Madras

1. Shri Rajagopal Naidu	President, North Arcot Supply and Marketing Society, Nellore.
2. Shri K. N. Gnanamoorthy	President, Saidapet Taluk Cooperative Marketing Society, Chingleput.
3. Shri Kannan	Secretary, Chingleput District Supply and Marketing Socitey, Chingleput.

Maharashtra

Maharashtra State Cooperative Marketing Society, Ltd.

1. Shri R. D. Patil	Chairman
2. Shri N. S. Kulkarni	Managing Director
3. Shri S. P. Mondekar	
4. Shri S. B. Kazi	
5. Shri M. B. Ghorpade	
6. Shri P. V. Gadgil.	

Mysore

1. Shri S. Channakeshaviah	Secretary, Ryots Agricultural Produce Cooperative Market Society Ltd., Mandya.
2. Shri M. R. Patil	Chairman, Hubli Cotton Sales Society Ltd., Dharwar.
3. Shri M. N. Naganoor	President, Mysore State Federation of Consumers Cooperative Wholesale Stores, Bangalore.
4. Shri S. I. A. Naidu	President, Mysore State Cooperivate Marketing Society Ltd., Bangalore.

West Bengal

1. Shri S. S. Varma . . . . . Registrar of Cooperative Societies, Government of West Bengal.
2. Shri P. Majumdar . . . . . Chairman, Apex Cooperative Marketing Society Ltd.

V. *Representatives of Farmers.*

Bharat Krishak Samaj

1. Capt. Charan Singh
2. Shri M. C. Bondriya
3. Shri S. Satwant Singh
4. Shri R.B. Deshpande . . . . . Secretary
5. Shri V. V. Patil.

Farmers Parliamentary Forum

1. Shri D. D. Puri . . . . . Chairman
2. Shri S. N. Bhalla . . . . . Honorary Director

VI. *Food Corporation of India.*

Headquarters—Madras

1. Shri K. T. Chandy . . . . . Chairman
2. Shri C. Narsimham . . . . . Managing Director
3. Shri C. R. Krishnaswamy Rao Sahib . . Secretary

Regional Office—Hyderabad

4. Shri Rathnam . . . . . Regional Manager
5. Shri Jasbir Singh . . . . . Deputy Manager
6. Shri M. R. Mehta . . . . . District Manager

VII. *Other Organisations.*

1. Bharat Chamber of Commerce, Calcutta.
2. Grain, Rice and Oilseeds Merchants' Association, Bombay.
3. Federation of All-India Foodgrains Dealers' Association, Bombay.
4. Warangal Chamber of Commerce, Warangal.
5. Krishna District Rice and Oil Millers Association, Vijayawada.
6. Guntur Zilla Rice Millers Association, Tenali.
7. West Godavari District Rice Millers Association, Tadepalligudam.
8. Chairman and Traders, Patiala Regulated Market.

APPENDIX II

Copy of D.O. letter dated March 31, 1966 from Shri B. Venkatappiah, Chairman, Foodgrains Policy Committee to Shri A. L. Dias, Secretary, Department of Food, Ministry of Food and Agriculture, Government of India, New Delhi, on wheat policy for 1966-67.

I am writing on behalf of the Foodgrains Policy Committee which, as you know was constituted on March 15, 1966. We had our first formal meeting on the 25th and 26th of March. At this meeting and in subsequent informal discussions between members we gave careful consideration to the Food Minister's desire that we should, if possible submit an interim report on wheat or, alternatively, at least give him some indication of our thinking in this matter. We understand that the decision in respect of wheat has to be taken within the next week or two.

2. Our terms of reference cover all important aspects of Food Policy, including procurement, distribution and movement. These aspects have to be considered in their entirety and for all foodgrains in the light of the two-fold objective of equitable distribution and reasonable prices. We hope to complete our enquiry with all reasonable speed, but cannot anticipate our conclusions. We regret, therefore, we are unable to submit an interim report on wheat.

3. The next point is whether we, as a Committee, are in a position to indicate our preliminary thinking in terms likely to be of some use in decision-making at this stage. Any such indication can only be in general terms.

4. Without prejudging issues of which we have as yet made no study, we consider the following to be some of the basic factors and considerations involved in taking a decision on wheat for the 1966-67 season :—

(*i*) Today, wheat is more largely available than any other foodgrains either for supply to deficit States or for operating the system of public distribution through fair price shops, rationing, etc. This is almost entirely due to the fact that we get large quantities of wheat from the United States. But self-reliance in food is a declared aim of national policy. It follows that, along with a sustained effort to increase the production of foodgrains, including wheat, there has to be a phased replacement of imports by internal procurement of wheat.

(*ii*) Meanwhile, so long as there is an overall deficiency in supplies, the need will remain for the planned and prudent management of supplies in terms of current procurement and distribution as also of the building of reserves. Such management has to be at the national level and one of its important objectives must be to spread the incidence of shortages as equitably as possible between different States and between different sections of the population. All States, surplus and deficit, should be fully committed to the operation of the all-India policy involved.

(*iii*) Without going into the merits of the question, we may, nevertheless, point out that an important assumption underlying the present restrictions on the movement of foodgrains is that surplus States will thereby be enabled to procure food both for themselves and for deficit States on a scale commensurate with the objective of equalising the incidence of shortages. Whatever, the reasons, the assumption has so far remained unfulfilled. Two or three observations may be made. Firstly, as indicated, the procurement of wheat during 1965-66 has been nowhere near adequate. Secondly, unless procurement is more substantial than at present, the objective of replacing imports by indigenous supplies cannot succeed even over a series of years. Thirdly, there has been wide disparity in the regional prices of wheat last year. This can be avoided only if adequately large quantities of wheat from surplus States are made available to deficit States.

(*iv*) What is most urgently needed is a considerable stepping up of internal procurement of wheat, for only then will it be possible to make some progress towards the objectives of equalisation of shortages and achievement of self-reliance. Moreover, it is important to make a start at once with the building up of adequate buffer stocks. It may be recalled that the procurement of wheat on Central Government account from May 1965 to the end of February 1966 was about 1·7 lakh tonnes as compared with 56·6 lakh tonnes imported during the same period. The very wide gap between these figures is indicative of the magnitude of the task involved, whether by way of increased production or of massive procurement. As regards the immediate context, it is clear that Central Food Policy must be oriented towards ensuring that surplus States procure and make available for all-India needs a much larger quantity of wheat than hitherto. The regulatory and administrative measures contemplated for the next season must, among other objectives, subserve this very important consideration.

5. I shall be glad if you will show this letter to the Honourable Minister. Some of the members of the Committee, including Shri Tandon and myself, are likely to be in Delhi shortly and, if purely informal discussion is desired, we could meet you and the Minister on 12th April at say 9-00 a.m. I am also getting in touch with Dr. Gadgil and Prof. Dantwala.

Yours sincerely,
(B. Venkatappiah)

APPENDIX III

Statistical Tables.

TABLE I

Index Numbers of Agricultural Production in India.

(Base : Agricultural Year 1949-50=100)

Commodity/Group	1950-51	1955-56	1960-61	1961-62	1962-63	1963-64	1964-65
1	2	3	4	5	6	7	8
Foodgrains							
Rice	87·9	114·2	137·7	142.4	127.4	146·6	153·9
Jowar	89·8	96·7	141·1	115·4	138·3	131·3	141·0
Bajra	83·8	108·3	102·9	114·1	121·8	116·9	139·8
Maize	84·4	112·3	146·7	154·3	163·8	162·9	163·1
Ragi	87·6	119·7	121·7	132·0	123·2	127·6	124·9
Small Millets	88·9	105·1	98·2	105·2	95·4	103·5	101·5
Kharif Cereals	87·7	111·8	134·8	137·1	128·7	142·2	149·8
Wheat	101·1	131·3	162·8	178·8	160·4	146·1	178·9
Barley	105·6	118·5	118·0	133·5	102·7	86·3	105·0
Rabi Cereals	102·0	128·9	154·3	170·2	149·4	134·7	164·8
Cereals	90·3	114·9	138·3	143·1	132·4	140·8	152·5
Gram	98·0	138·9	160·4	148·5	137·2	115·5	148·0
Tur	91·8	99·4	106·0	70·0	80·4	69·2	95·6
Other Pulses	85·6	103·9	105·1	110·2	107·8	100·2	113·0
Pulses	91·7	118·4	129·0	121·5	116·9	102·8	125·8
Foodgrains	90·5	115·3	137·1	140·3	130·4	135·9	149·1

Source—Bulletins on Food Statistics, Directorate of Economics and Statistics, Ministry of Food and Agriculture.

TABLE-2.—*Statement showing Procurement of Rice and Paddy by Central and State Governments.*

1960-61 to 1965-66.

(Thousand tonnes)

State	1960-61		1961-62		1962-63		1963-64		1964-65		1965-66*	
	Rice	Paddy	Rice	Paddy	Rice	Paddy	Rice	Paddy	Rice	Paddy	Rice	Paddy
1	2	3	4	5	6	7	8	9	10	11	12	13
I. *On Behalf of Central Government*												
Andhra Pradesh	..	..	..	..	151	..	185	..	575	..	199	..
Madhya Pradesh	162	..	119	..	69	..	133	..	434	..	64	..
Madras	..	..	..	..	46	..	76	..	91	..	132	..
Orissa	..	..	..	..	..	..	10	..	198	..	88	..
Punjab	161	..	181	..	157	..	178	..	264	..	209	..
Uttar Pradesh	..	..	..	..	41	..	39	..	..	..	..	..
TOTAL	323	..	300	..	464	..	621	..	1562	..	692	..
II. *By State Governments.*												
Andhra Pradesh	..	..	..	..	..	..	..	..	98	..	368	..
Assam	..	86	..	58	..	56	..	107	..	102	..	196
Bihar	..	..	..	..	..	..	..	..	35	2	15	105
Gujarat	..	..	..	..	..	..	..	..	28	6	31	..
Jammu & Kashmir	11	16	13	22	11	19	8	12	..	25	..	15
Kerala	..	..	..	..	..	..	..	..	..	51	..	43

Madhya Pradesh	..	17	..	..	..	..	..	..	..	..	..	60
Maharashtra	..	..	..	..	..	..	..	..	133	..	..	114
Madras	..	..	..	..	..	..	..	..	290	..	473	..
Mysore	..	..	..	..	..	..	..	..	9	122	..	115
Orissa	13	15	14	18	40	24	49	20	5	63	199	..
Punjab	..	..	1	..	..	..	10	..	20	..	29	..
Uttar Pradesh	116	..	88	..	91	..	120	..	135	..	68	..
West Bengal	..	..	..	..	..	..	114	..	325	16	269	450
Tripura	Neg.	1	Neg.	Neg.	Neg.	1	Neg.	1	Neg.	1	Neg.	4
Manipur	..	..	..	..	..	..	..	1	Neg.	1	4	..
Goa	..	..	..	..	..	..	..	..	..	Neg.	..	6
Pondicherry	..	..	..	..	..	..	..	..	..	..	6	..
TOTAL	140	135	116	98	142	100	301	141	1078	389	1462	1108
GRAND TOTAL	463	135	416	98	606	100	922	141	2640	389	2154	1108
GRAND TOTAL IN TERMS OF RICE	553		482		673		1016		2899		2893	

Neg —Negligible.
* —Relates to procurement upto the end of July or beginning of August, 1966.

Procurement Year : November to October.

TABLE 3(a) : *Procurement of Wheat by Central and State Governments, 1964-65 to 1966-67.*

(Thousand tonnes)

State	On behalf of Central Government			By State Governments		
	1964-65	1965-66	1966-67*	1964-65	1965-66	1966-67*
1	2	3	4	5	6	7
Punjab .	..	188	45	87	170	60
Rajasthan .	..	..	..	..	5	..
Uttar Pradesh .	..	..	..	..	31	..
Madhya Pradesh .	..	..	..	..	69	71
TOTAL .	..	188	45	87	275	131

*Relates to procurement upto the end of July or beginning of August 1966.

Procurement Year : April to March.

TABLE 3(b) : *Procurement of Rabi Coarse Grains and Pulses by State Governments, 1964-65 to 1966-67*

(Thousand tonnes)

State	Barley			Gram			Pulses other than gram		
	64-65	65-66	66-67*	64-65	65-66	66-67*	64-65	65-66	66-67*
1	2	3	4	5	6	7	8	9	10
Andhra Pradesh . ..	..	..	..	..	..	..	2	2	..
Punjab	..	..	1	18	242	6	104	..	..
Rajasthan . . .	..	..	..	115	115	1	7	7	Neg
Uttar Pradesh . . .	3	3	..	6	6	..	5	5	..
West Bengal . . .	..	..	..	..	..	..	Neg	Neg	..
TOTAL . .	3	3	1	139	363	7	118	14	Neg

Neg=Negligible

*Relates to procurement upto the end of July or beginning of August, 1966.
Procurement Year: April-March.

Table 3(c) : *Procurement of Kharif Coarse Grains by State Governments, 1964-65 and 1965-66*

(Thousand tonnes)

State	1964-65			1965-66*		
	Jowar	Bajra	Maize	Jowar	Bajra	Maize
1	2	3	4	5	6	7
Andhra Pradesh	..	..	..	3	..	..
Jammu and Kashmir	..	..	Neg	..	..	..
Madhya Pradesh	54	..	Neg	156	..	..
Maharashtra	252	..	..	232	..	..
Mysore	28	..	..	49	..	Neg
Punjab	..	.. +23	..	..	.. +24	2 +90
Rajasthan	15	10	9	16	Neg	4
Uttar Pradesh	28	9	20	22	9	18
TOTAL	377	19 +23	29	478	9 +24	24 +90

(+)=Indicates quantities procured in Punjab for Central Government.

*Relates to procurement upto the end of July or beginning of August, 1966.

Procurement Year: November to October.

Table 4 : Imports of Cereals into India, 1960 to 1966

(Thousand tonnes)

Year	Rice	Wheat	Others	Total Cereals
1	2	3	4	5
1960	698·8	4,385·9	52·4	5,137·1
1961	384·2	3,092·2	19·1	3,495·5
1962	389·6	3,250·4	..	3,640·0
1963	483·4	4,072·7	..	4,556·1
1964	644·5	5,621·4	..	6,265·9
1965	783·2	6,583·3	95·5	7,462·0
1966*	392·9	4,795·2	991·6**	6,179·7

*—Upto July, 1966.

**—Includes 48·6 thousand tonnes of Wheat Flour imported upto July, 1966.

TABLE 5: *Supplies of Cereals from Central Stocks (Including Direct Sales to Retailers Flour Mills etc.) to Different States, 1960 to 1966.*

(Thousands tonnes)

State		1960	1961	1962	1963	1964	1965	1966*
1	2	3	4	5	6	7	8	9
Andhra Pradesh	Rice	22	27	25	9	43	28	..
	Wheat	54	62	83	90	114	114	114
	Others	5	2	..	..	..	..	19
Assam	Rice	29	2	50	75	14	3	2
	Wheat	74	90	109	156	165	143	129
NEFA, Naga Hills	Rice	11	9	11	12	13	16	7
	Wheat	..	..	..	..	..	Neg.	Neg.
Bihar	Rice	76	35	46	39	56	42	4
	Wheat	528	396	397	429	745	662	367
	Others	..	..	..	..	..	5	52
Maharashtra	Rice	200	178	203	231	288	336	104
	Wheat	721	413	585	417	1024	1077	904
	Others	2	13	8	..	..	73	344
Gujarat	Rice	60	30	63	78	94	200	24
	Wheat	285	109	146	121	471	676	355
	Others	1	5	1	..	..	31	105
Kerala	Rice	214	226	244	197	393	910	477
	Wheat	14	3	4	9	88	337	184
Madhya Pradesh	Rice	..	Neg.	1	31	15	29	41
	Wheat	..	17	81	49	197	108	267
	Others	..	..	..	..	..	..	42
Madras	Rice	15	47	59	18	73	51	Neg.
	Wheat	164	187	231	232	387	233	249
	Others	..	15	1	..	..	..	15
Mysore	Rice	..	7	13	7	19	112	18
	Wheat	81	81	80	84	172	141	241
	Others	..	..	..	..	..	..	109
Orissa	Rice	..	Neg.	26	45	..	..	..
	Wheat	23	28	40	68	62	67	108
	Others	..	..	..	..	..	..	9
Punjab	Rice	1	Neg.	..	2	6	..	..
	Wheat	49	49	155	204	353	150	89
	Others		..	..	..	..	..	..
Rajasthan	Rice	..	Neg.	..	1	2	1	Neg.
	Wheat	2	31	23	26	493	187	273
	Others	Neg.	1	..	..	..	3	53

State		1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8	9
Uttar Pradesh	Rice	..	..	..	..	Neg.	..	..
	Wheat	494	475	439	489	1260	719	366
	Others	..	..	..	..	..	..	..
West Bengal	Rice	199	22	107	203	194	286	78
	Wheat	769	550	688	1087	811	781	889
	Others	..	..	..	..	..	..	24
Jammu & Kashmir	Rice	28	15	25	40	33	65	29
	Wheat	23	12	19	22	35	86	100
	Others	3	..	..	..	..	..	..
Delhi	Rice	..	..	..	..	2	7	19
	Wheat	178	133	170	170	283	232	141
	Others	..	..	..	..	..	..	..
Himachal Pradesh	Rice	1	Neg.	..	Neg.	1	..	Neg.
	Wheat	2	1	1	1	5	4	
	Others	..	..	..	..	..	..	..
Andamans & Nicobar Islands	Rice	2	2	2	3	2	2	1
	Wheat	2	1	1	1	1	1	1
Manipur	Rice	16	1	..	4	2	7	4
	Wheat	..	..	..	..	..	1	..
Tripura	Rice	11	1	21	34	30	36	11
	Wheat	1	1	1	1	1	5	16
Pondicherry	Rice	1	1	Neg.	Neg.	2		..
	Wheat	..	..	..	..	..	1	1
Laccadive Islands	Rice	3	4	1	4	6	1	1
Defence Services	Rice	30	40	54	69	78	92	35
	Wheat	55	52	86	144	131	187	103
	Others	..	..	..	..	..	..	..
Tibetan Refugees	Rice	..	Neg.	Neg.	Neg.	..	..	..
Nepal	Rice	..	..	..	..	..	..	..
	Wheat	..	..	..	..	4	..	8
Saudi Arabia	Rice	..	..	..	..	..	..	..
Sikkim	Rice	7	6	5	11	10	7	4
Starch Manufacturers	Wheat	..	..	..	..	..	1	..
	Others	16	..	..	..	..	..	..
Goa	Rice	..	..	6	5	15	16	12
	Wheat	..	..	..	2	9	25	15

State		1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8	9
Exported	Rice .	..	..	..	3	3	1	..
	Wheat	..	..	..	2	Neg.	1	..
Others . . .	Rice .	..	..	..	3	6	4	1
	Wheat .	..	..	..	..	..	2	19
TOTAL	Rice .	926	659	962	1124	1400	2252	872
	Wheat.	3,519	2,691	3,339	3,804	6,851	5,941	4,936
	Others .	27	36	10	..	..	112	772
GRAND TOTAL . . .		4,472	3,386	4,311	4,928	8,251	8,305	6,580

Neg=Negligible.

*=Figures include supplies made upto July, 1966.

TABLE 6 : *Issues of Cereals Through Fair Price Shops etc. in different States.*
1960 to 1965

(Thousand tonnes)

State		1960	1961	1962	1963	1964	1965
1	2	3	4	5	6	7	8
ANDHRA PRADESH	Rice	24	30	25	9	43	121
	Wheat	54	62	83	90	154	114
	Others	Neg.	7	Neg.	..	..	..
	Total Cereals	78	99	108	99	197	235
Assam (including N.E.F.A Naga Hills.)	Rice	66	63	75	130	100	79
	Wheat	74	90	104	156	165	143
	Others	..	..	..	..	..	..
	Total Cereals	140	153	179	286	265	222
Bihar	Rice	58	52	42	43	55	75
	Wheat	477	420	368	432	710	681
	Others	10	Neg.	Neg.	Neg.	Neg.	2
	Total Cereals	545	472	410	475	765	758
Gujarat	Rice	61	39	64	88	95	230
	Wheat	283	142	140	126	451	620
	Others	..	5	1	..	..	97
	Total Cereals	344	186	205	214	546	947
Kerala	Rice	208	235	244	197	414	956
	Wheat	11	6	4	9	86	338
	Others	..	..	..	..	..	..
	Total Cereals	219	241	248	206	500	1,294
Madhya Pradesh	Rice	Neg.	1	3	27	17	22
	Wheat	4	17	81	49	180	137
	Others	..	..	..	..	..	10
	Total Cereals	4	18	84	76	197	169
Madras	Rice	38	47	59	18	95	370
	Wheat	165	187	231	232	387	237
	Others	..	15	1	..	..	..
	Total Cereals	203	249	291	250	482	607
Maharashtra	Rice	210	172	208	232	310	476
	Wheat	734	439	537	444	1,037	1,067
	Others	3	13	8	..	5	304
	Total Cereals	947	624	753	676	1,352	1,847

State		1960	1961	1962	1963	1964	1965
1	2	3	4	5	6	7	8
Mysore	Rice	17	14	13	7	25	200
	Wheat	80	81	80	84	171	180
	Others	..	..	Neg.	..	..	27
	Total Cereals	97	95	93	91	196	357
Orissa	Rice	53	30	52	105	56	20
	Wheat	23	28	40	68	62	67
	Others	..	...	..	..	..	..
	Total Cereals	76	58	92	173	118	87
Punjab	Rice	2	11	7	1	16	19
	Wheat	169	201	154	200	399	198
	Others	—	..	—	—	—	..
	Total Cereals	171	212	161	201	415	217
Rajasthan	Rice	Neg.	1	Neg.	1	2	1
	Wheat	4	35	24	26	460	184
	Others	..	1	Neg	..	..	54
	Total Cereals	4	37	24	27	462	239
Uttar Pradesh	Rice	82	83	104	104	121	123
	Wheat	561	516	428	493	1,217	739
	Others	25	1	Neg	..	14	40
	Total Cereals	668	600	532	597	1352	902
West Bengal	Rice	259	48	98	221	298	645
	Wheat	770	548	657	1,060	830	776
	Others	..	...	..	...	..	...
	Total Cereals	1,029	596	755	1,281	1,128	1,421
GRAND TOTAL	Rice	1,203	950	1,134	1,361	1,859	3,586
	Wheat	3,676	2,983	3,221	3,816	6,785	5,939
	Others	58	44	10	1	21	537
	TOTAL CEREALS	4,937	3,977	4,365	5,178	8,665	1,0062

Neg=Negligible

Figures for 1966 not available.

Source : Bulletin on Food Statistics, Directorate of Economics and Statistics, Ministry of Food and Agriculture.

TABLE 7 :—*Number of Fair Price Shops in Different States, 1960 to 1966.*

State/Union Territories	1960	1961	1962	1963	1964	1965	1966*
1	2	3	4	5	6	7	8
Andhra Pradesh . .	1236	882	2255	523	1566	562	969A
Assam . . .	556	891	587	1604	3974	4623	4623
Bihar . . .	8332	9247	9124	9817	17138	16623	13199
Gujarat . . .	3913	3483	3240	4266	6618	7874	7874
Kerala . . .	6136	6262	6367	6365	11968	12537	12534
Madhya Pradesh . .	104	52	390	831	1785	2352	3382
Maharashtra . .	8201	6545	8029	9005	18307	22669	21860
Madras . . .	1124	1401	2048	1812	2268	5000	7019
Mysore . . .	1562	1497	1402	1329	5561	6129	6129
Orissa . . .	530	405	693	842	1591	2400	2400
Punjab . . .	1144	197	589	4250	4877	6021	6021
Rajasthan . . .	361	183	151	685	2327	1593	2936
Uttar Pradesh . .	5291	5043	3601	5535	12622	5344	5651
West Bengal . .	11382	10708	11074	12274	9785	12690	15087
Jammu & Kashmir .	563	574	502	436	449	526	763
Union Territories . .	475	448	471	469	1357	3340	3368
All India . .	50910	47818	50523	60123	102193	110283	113815

A. Indicates the number of ration shops functioning in Hyderabad and Secunderabad Rationed Area.

*The figures for 1966 indicate the latest position as available for different States.

TABLE 8:—*Stocks of Cereals with Government, 1959 to 1965.*

(Thousand tonnes)

As on 31st December	With State Governments			With Central Government			Total		
	Rice	Wheat	Total Cereals	Rice	Wheat	Total Cereals	Rice	Wheat	Total Cereals
1	2	3	4	5	6	7	8	9	10
1959 .	300	250	589	317	354	673	617	604	1262
	+3	+3	+6	+141	+56	+197	+144	+59	+203
1960 .	355	497	857	633	987	1646	988	1484	2503
				+14	+252	+297	+43	+252	+298
1961 .	220	105	325	659	1430	2099	879	1535	2424
	+2	+3	+5	+29	+179	+207	+31	+181	+212
1962 .	193	178	371	354	1294	1648	547	1472	2019
	+14	+10	+24	+46	+192	+238	+60	+202	+262
1963 .	144	160	304	222	1497	719	366	1657	2023
	+12	+13	+15	+38	+183	+221	+40	+196	+236
1964 .	205	199	411	156	107	263	361	306	674
	+8	+67	+75	+84	+183	+267	+92	+250	+342
1965 .	394	421	912	131	855	986	525	1276	1898
	+4	+28	+32	+10	+110	+120	+14	+138	+152

+Represents approximate total quantity in transit docks and holds of steamers.

Source :—Bulletins on Food Statistics, Directorate of Economics and Statistics, Ministry of Food and Agriculture.

TABLE 9:—*Monthly All-India Index Numbers of Wholesale Prices, 1960 to 1966.*

(a) *All commodities* (Base : 1952-53=100)

Monthly	1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8
January . . .	118·8	125·6	123·3	126·0	136·3	159·7	169·7
February . . .	119·5	126·8	124.3	126·6	138·1	155·4	169·4
March . . .	118·9	127·5	123·5	127·2	139·2	151·5	172·2
April . . .	120·4	126·0	124·2	129·8	139·9	153·9	176·3
May . . .	122·8	125·4	128·3	132·1	143·1	156·2	181·3
June . . .	123·0	126·2	127·5	134·0	146·8	158·3	186·0
July . . .	124·8	128·8	129·6	135·5	150·6	162·8	189·0
August . . .	125·0	127·5	131·1	136·0	155·5	166·8	
September . . .	125·3	124·6	130·5	136·7	158·6	166·0	
October . . .	126·2	124·4	129·9	136·3	157·7	165·6	
November . . .	125·9	124·3	130·2	134·7	155·5	169·5	
December . . .	124·6	122·9	125·8	134·9	158·0	169·6	
Annual Average . .	122·9	125·8	127·2	132·5	148·3	161·3	

(b) *Cereals* (Base : 1952-53=100)

Monthly	1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8
January . . .	101·7	99·1	102·0	102·8	118·5	145·0	154·0
February . . .	104·4	99·8	103·7	103·7	122·1	142·5	155·8
March . . .	103·2	100·2	102·4	102·0	123·3	139·6	155·7
April . . .	103·8	99·3	102·8	106·7	122·3	139·5	157·6
May . . .	105·8	99·5	104·1	109·9	126·8	136·8	161·0
June . . .	107·3	101·9	105·0	112·1	132·5	137·4	164·2
July . . .	109·5	104·1	107·2	115·0	137·3	143·7	168·1
August . . .	109·1	105·0	109·5	115·3	144·4	151·5	
September . . .	108·5	103·4	109·4	117·3	150·2	150·8	
October . . .	106·3	103·1	108·5	118·8	148·7	147·6	
November . . .	103·5	102·7	109·4	118·6	140·7	150·9	
December . . .	100·4	100·8	104·3	117·5	142·1	151·9	
Annual Average . .	105·3	101·6	105·7	111·6	134·1	144·8	

(c) *Pulses :* (Base : 1952—53=100)

Monthly	1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8
January . . .	91·9	94·9	96·8	103·9	124·0	196·3	162·4
February . . .	95·1	92·9	92·9	103·2	103·2	176·4	152·0
March . . .	89·9	92·8	94·1	99·9	133·9	158·6	151·4
April . . .	89·4	87·6	93·6	102·6	131·1	154·2	157·7
May . . .	89·9	87·3	98·3	106·2	135·8	153·4	167·8
June . . .	89·7	90·6	102·5	108·5	141·8	151·9	172·3
July . . .	94·9	91·3	105·5	109·7	147·6	164·8	184·7
August . . .	93·7	90·6	113·0	108·0	159·0	170·9	
September . . .	94·7	89·2	111·3	111·0	177·1	169·5	
October . . .	94·6	90·6	115·0	113·5	184·1	168·8	
November . . .	94·2	93·1	113·2	116·2	179·3	173·9	
December . . .	93·6	93·5	102·6	121·7	194·8	167·1	
Annual Average . .	92·6	91·2	103·7	108·7	153·1	167·2	

(d) *Rice* (Base : 1952-53=100)

Monthly	1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8
anuary . . .	101·7	99·1	101·0	108·1	120·0	127·4	150·2
February . . .	105·3	100·4	102·2	108·5	120·7	128·0	154·9
March . . .	105·7	101·1	103·2	109·6	122·2	128·2	156·3
April . . .	107·9	101·0	105·7	116·5	124·6	128·2	160·3
May . . .	112·5	102·9	109·1	121·1	131·2	128·3	163·6
June . . .	113·9	105·8	110·4	124·0	136·3	128·4	166·4
July . . .	114·6	108·1	111·5	127·1	139·9	133·3	
August . . .	115·3	110·1	113·9	128·2	145·7	142·2	
September . . .	114·0	109·6	114·9	130·8	146·4	142·8	
October . . .	110·7	108·2	114·5	132·4	143·8	141·0	
November . . .	106·0	106·3	116·4	129·6	132·4	144·1	
December . . .	101·7	101·9	109·8	122·3	128·9	147·1	
Annual Average . .	109·1	104·5	109·4	121·5	132·7	134·9	

(Base 1952-53=100)

(e) *Wheat:*

Months	1960	1961	1962	1963	1964	1965	1966
January . . .	96·6	90·6	97·9	88·4	112·0	151·2	140·7
February . . .	97·5	91·0	100·3	88·5	120·7	147·7	139·1
March . . .	98·8	91·1	94·3	87·2	119·8	140·7	135·9
April	90·5	88·4	92·0	87·6	110·6	139·8	135·1
May	87·2	85·7	88·2	87·7	107·1	129·7	137·8
June	87·3	86·2	87·8	87·9	111·5	131·3	141·5
July	91·7	87·5	91·0	90·5	116·2	139·0	
August . . .	90·4	88·5	92·6	90·2	123·6	144·4	
September . . .	90·4	87·4	91·2	91·7	134·8	141·7	
October . . .	90·2	89·4	91·1	93·6	135·0	137·5	
November . . .	89·8	92·1	91·2	97·4	134·6	138·6	
December . . .	89·4	93·8	88·9	106·3	145·4	139·4	
Annual Average . .	91·2	89·3	92·2	91·4	122·6	140·1	

(Base 1952-53=100)

(f) *Jowar:*

Months	1960	1961	1962	1963	1964	1965	1966
January . . .	119·0	114·1	115·0	127·7	122·7	217·2	193·3
February . . .	110·6	109·6	119·5	118·4	129·8	194·4	190·0
March . . .	116·7	110·4	120·1	106·0	134·2	189·5	192·1
April	120·5	110·0	121·6	109·2	136·9	197·7	194·6
May	123·0	108·7	125·7	110·3	148·5	197·3	197·3
June	127·2	112·7	112·7	112·6	166·2	196·6	198·2
July	129·8	117·6	136·6	113·3	177·8	205·2	
August . . .	126·5	112·8	140·5	108·5	188·0	198·1	
September . . .	129·2	106·6	140·8	109·2	211·1	194·0	
October . . .	125·2	109·5	138·4	110·4	225·4	191·0	
November . . .	126·0	107·9	136·8	111·6	206·2	208·5	
December . . .	119·4	106·6	131·6	114·3	203·7	197·9	
Annual Average . .	123·6	110·7	129·8	112·6	170·9	199·0	

Source: Office of the Economic Adviser to the Government of India, Ministry of Commerce.

TABLE-10: *Per Capita Per Day Net Availability of Cereals in Different States.* 1961-63, 1964 *and* 1965

State	Per Capita per day net availability of Cereals		
	Average during the period 1961-63	1964	1965
	(——————Ounces——————)		
1	2	3	4
Andhra Pradesh	13·9	14·0	14·0
Assam	13·2	14·0	13·2
Bihar	11·9	11·7	11·9
Gujarat	11·3	14·5	13·5
Kerala	9·2	10·4	11·4
Madhya Pradesh	17·6	17·2	18·5
Madras	14·0	14·8	13·8
Maharashtra	14·9	16·1	14·7
Mysore	13·8	13·9	14·7
Orissa	17·6	19·6	19·2
Punjab	16·4	16·3	18·3
Rajasthan	15·5	12·5	16·1
Uttar Pradesh	12·3	11·0	12·7
West Bengal	15·5	16·2	15·3
Coefficient of variation (%)	17·0	17·7	16·4

Notes:— (*i*) While calculating per capita availability during the period 1961-63 and 1964 inter-State movement by rail and river only has been accounted for. Movement by road has not been included as data on such movement are not available.

(*ii*) For the year 1965, in which inter-State movement of cereals by private trade was not permitted, (except from Punjab to Delhi & Himachal Pradesh) per capita availability has been calculated after taking into account allocations and procurement made by the Central Government to different States.

(*iii*) Per capita availability of cereals only has been calculated as data on inter-State movement of pulses are not readily available.

TABLE-II.

Availability of Cereals and Pulses in India

	Cereals					Pulses	Daily per capita net availability			
	Population (Million persons)	Net Production (Million tonnes)	Net Imports (Million tonnes)	Change in Govt. Stocks (Million tonnes)	Net availability (Million tonnes)	Net availability (Million tonnes)	Grammes Cereals	Ounces Cereals	Grammes Pulses	Ounces Pulses
1	2	3	4	5	6	7	8	9	10	11
1951	363·4	40·02	4·80	(+)0·59	44·23	8·03	334·5	11·8	59·5	2·1
1952	369·6	40·60	3·93	(+) 0·62	43·91	7·97	326·0	11·5	59·5	2·1
1953	376·1	45·37	2·04	(—)0·48	47·89	8·59	348·7	12·3	62·4	2·2
1954	382·9	53·44	0·83	(+)0·20	54·07	9·72	385·6	13·6	70·9	2·5
1955	390·2	51·60	0·60	(—)0·75	52·95	10·10	371·4	13·1	70·9	2·5
1956	397·8	50·34	1·40	(—)0·60	52·34	10·21	360·0	12·7	70·9	2·5
1957	405·8	52·68	3·63	(+)0·86	55·45	10·61	374·2	13·2	70·9	2·5
1958	414·3	49·36	3·22	(—)0·27	52·85	8·82	348·7	12·3	59·5	2·1
1959	423·3	57·30	3·86	(+)0·49	60·67	11·54	391·2	13·8	73·7	2·6
1960	432·7	56·77	5·13	(+)1·40	60·50	10·32	382·7	13·5	65·2	2·3
1961	442·7	60·65	3·49	(—)0·17	64·31	11·11	396·9	14·0	68·0	2·4
1962	453·4	62·08	3·64	(—)0·36	66·08	10·28	399·7	14·1	62·4	2·2
1963*	464·3	58·63	4·55	(—)0·02	63·20	9·99	371·4	13·1	59·5	2·1
1964*	475·5	61·41	6·26	(—)1·24	68·91	8·79	396·9	14·0	51·0	1·8
1965*	487·0	66·52	7·46	(+)1·03	72·95	10·82	411·1	14·5	59·5	2·1

*—Provisional and subject to revision. 1 ounce=28·3495 grammes.

TABLE-13: *Population in Different States*, 1960—66

(Mid-year Estimates)

(Thousand persons)

STATE	1960	1961	1962	1963	1964	1965	1966
1	2	3	4	5	6	7	8
Andhra Pradesh . .	35,622	36,215	36,917	37,630	38,359	39,101	39,856
Assam	11,595	11,988	12,338	12,698	13,069	13,450	13,843
Bihar	45,741	46,811	47,891	48,996	50,125	51,280	52,459
Gujarat . . .	20,260	20,820	21,391	21,977	22,579	23,197	23,832
Jammu & Kashmir .	3,541	3,577	3,627	3,678	3,729	3,781	3,834
Kerala	16,658	17,044	17,912	17,912	18,362	18,823	19,295
Madhya Pradesh . .	31,735	32,640	33,4572	4,292	35,149	36,027	36,924
Madras . . .	33,483	33,877	34,452	35,035	35,630	36,233	37 208
Maharashtra . . .	38,977	39,892	40,923	41,980	43,064	44,175	45,315
Mysore . . .	23,286	23,769	24,323	24,889	25,469	26,061	26,666
Orissa	17,248	17,678	18,071	18,472	18,883	19,302	19,731
Punjab. . . .	19,978	20,514	21,149	21,803	22,477	23,172	23,888
Rajasthan . . .	19,775	20,349	20,941	21,549	22,174	22,818	23,479
Uttar Pradesh . .	72,854	74,293	75,956	77,662	79,389	81,168	82,971
West Bengal . .	34,207	35,241	36,201	37,186	38,198	39,237	40,304
ALL-INDIA . . .	432,719	442,736	453,407	464,335	475,526	486,987	498,723

Source—Bulletin on Food Statistics, February 1966.
Directorate of Economics and Statistics,
Ministry of Food and Agriculture.

TABLE—14

National Income and Per Capita Income in India, 1959-60 to 1964-65.

Year	National Income (Rs. Crores)		Per Capita Income Rs.		Index Number of National Income (1948-49=100)		Index Number of per Capita Income (1948-49=100)	
	At Current Prices	At 1948-49 Prices	At Current Prices	At 1948-49 Prices	At Current Prices	At 1948-49 Prices	At Current Prices	At 1948-49 Prices
1	2	3	4	5	6	7	8	9
1959—60	12,950	11,860	304·8	279·2	149·7	137·1	122·1	111·9
1960—61	14,140	12,730	325·7	293·2	163·5	147·2	130·5	117·5
1961—62	14,800	13,060	333·6	294·3	171·1	151·0	133·7	117·9
1962—63	15,400	13,310	339·4	293·4	178·0	153·9	136·0	117·5
1963—64*	17,200	13,910	370·7	299·8	198·8	160·8	148·5	120·1
1964—65**	N.A.	14,930	N.A.	314·4	N.A.	172·6	N.A.	126·0

* Preliminary Estimates.

** Quick Estimates.

Source :—Economic Survey of India, 1965-66, Ministry of Finance.

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